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Making Finance Personal

Project-Based Learning for the Personal Finance Classroom

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Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Introduction

Lesson Author

Julie Kornegay

Introduction

In my experience, the greatest challenge that teachers of personal finance face is making the concepts relevant and the vocabulary approachable. Laying a foundation through active-learning classroom activities and discussion is the first step in the process. But basic conceptual knowledge and vocabulary aren't enough. Students need to know how to apply information in real-world situations. This is where project-based learning comes into play. The projects assembled here were created to allow students to experiment with developing financial strategies for the future. The accompanying student activities and assignments should complement both textbooks and classroom instruction.

Students receive a series of 11 projects to complete throughout the semester. These projects connect classroom instruction and activities with their personal lives. Of the 11 assignments, students must choose 10 to complete. Each of the projects is worth 20 points. I adopted this pick-and-choose strategy to mitigate push back due to the sensitive nature of personal finance. For example, a student may be reluctant to request (or share) a copy of her credit report. That is fine. I will give students a sample credit report to review when we go over the topic in class, but the student is now down to 10 modules to choose from if she wants to achieve the maximum 200-point total.

Students complete the assignments using their personal information and collect the assignments in a three-ring binder. This binder is a culminating project that represents a large portion of the final grade. Students are given checklists and rubrics throughout the process for guidance.

Reflective essays are assigned with essential questions that students must answer to help evaluate their project progress, identify challenges, and apply what they have learned to their developing financial strategy.

I find that once students realize where the project is going and see it coming together, it is exciting. I have had many students comment that they are sharing the personal finance tools and strategies they are learning about in class with friends and family. The shift students undergo, from initially feeling overwhelmed to feeling empowered and even proud at the final binder check, is a powerful transformation. Once students have worked through the project, they leave the class with a financial strategy in hand. This personal financial strategy will always need to be revised and updated, but having a thoughtful plan in place at the beginning of their journeys can help students minimize costly future mistakes.



Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Handout: Introduction

We will use a project-based learning approach in this course that will require you to actively participate and complete assignments on time. You will be responsible for the assigned reading from your text, as well as projects that will need to be included in a three-ring binder.

Why Project-Based Learning?

Project-based learning involves activities that are designed to interest and motivate you as you learn. These activities will help you answer a question or solve a problem and generally reflect the types of learning and work people do in the everyday world, outside the classroom.

Throughout this process, you'll learn 21st century skills, as well as the basics of personal finance. These skills include communication and presentation, organization and time management, research and inquiry, self-assessment and reflection, and group participation and leadership.

Topics covered in this project include:

1. Expense tracking
2. Setting financial goals
3. Balance sheets and cash flow statements
4. Taxes
5. Creating a budget
6. Credit reports
7. Purchasing a vehicle
8. Saving and investing for the long term
9. Important financial documents
10. Retirement savings
11. Insurance inventory

Because of the nature of financial documents, much of the information is sensitive. Feel free to make a copy of the original document and black out any of the information you are uncomfortable sharing. You will only need to bring your binder to class once. We will have a binder check at the end of the semester.



Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 1: Expense Tracking

Lesson Author

Julie Kornegay

Activity Description

It is easy to remember how much money is spent on fixed expenses like rent or car payments. Variable expenses can be more difficult. Using the worksheet provided (Student Handout 1B), students will write down all expenses incurred during a 30-day period. They will then categorize the expenses and total them for the month (Student Handout 1C).

Objectives

The first step in creating a budget is to track expenses. In this assignment, students will:

- Identify personal expenses incurred over the course of one month
- Determine how they should categorize or group their expenses
- Sort and compile expenses into groups

Essential Question

How do I spend my money?

Assignment Materials

For this assignment, students must use the worksheet (Student Handouts 1B and 1C) provided. They may not use phone apps, spreadsheets, or other electronic methods.

Assignment Length

One month

Author's Notes

- It is important to start this project as early as possible in the semester. Because students track expenses for one month, I typically assign this at the first class meeting. This allows for a smooth transition into the budget project later in the semester.
- Remind students each class meeting about the assignment. You may also want to do an expense-tracking assignment check at two weeks to make sure they are on task.
- When I first started using this assignment, I let students use bank statements, websites, spreadsheets, and phone apps to track expenses. I saw a considerable difference in proficiency between those who used pencil and paper and those who used electronic methods. I believe the tactile experience of writing expenses down helps students recall how they are spending their money in a more thoughtful way. I do let them transition to electronic methods for the budget project. My hope is that, by that point, they are more self-aware and have a better sense of their spending habits.



- I grade assignments at the beginning of class and hand them back. Checking assignments at the beginning of class eliminates problems with late work and ensures that students aren't hastily completing work during class. Anything turned in after we have discussed the assignment is considered late, including the reflective writing.
- When grading, I don't check the dollar amounts for mathematical accuracy; my focus is on ensuring that students are comfortable with the process.
- Student feedback is typically very interesting. They are surprised at how much they spend on things such as gas, coffee, and eating out. After identifying students' spending behaviors, talk about what strategies they should put in place when creating their budgets (e.g., packing a lunch, making coffee at home, or carpooling to school).



Project 1 Assessment: Expense Tracking Rubric

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The expense tracking worksheet was completed as instructed. (plus 8)	
The expense tracking worksheet was partially completed. (plus 4)	
The assignment was not completed. (no points)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage, and spelling. The essay is generally free from errors. (plus 6)	
The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 4)	
The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 2)	
The essay answered all questions thoughtfully. The essay contains details that support the author's responses. (plus 6)	
The essay answered most questions but lacked detail. (plus 4)	
The essay was vague and lacked detail. (plus 2)	
The assignment was late. (loss of one point per day)	
Total	



Project 1 Overview: Expense Tracking

Handout 1A: How Do I Spend My Money?

The first step in creating a budget is to track your daily expenses. In this assignment, you will:

- Identify expenses incurred over the course of one month
- Include the date of the expense, a brief identification, and how much was spent
- Determine how you would like to categorize or group your expenses
- Sort and compile tracked expenses into these groups

It is easy to remember how much money you spend on fixed expenses like rent or car payments. Variable expenses can be more difficult.

Assignment Instructions

Using the 30-Day Expense Tracking Worksheet (Student Handout 1B), write down all expenses you incur during a 30-day period. At the end of the month, total your expenses on the Expense Totals Worksheet (Student Handout 1C)

- Only write down transactions for goods or services.
- Do not write down ATM cash withdrawals. As you spend the cash you withdrew, record each transaction in your worksheet.
- If you have difficulty remembering how much you have spent, use an envelope to keep track of receipts.
- If you make a purchase that does not provide a receipt, use a scrap of paper to write it down and put it inside the envelope.
- On days that you do not incur expenses, write “none” and put a 0 (zero) in the amount column.
- If you are on a meal plan, divide the cost of your plan by the number of days in your billing cycle. (For instance, if you pay monthly for your meal plan, you’d divide the monthly cost by 30 to find your daily expense.)
- Use the categories listed at the top of your worksheet to label your expenses. If you do not see one that adequately describes the purchase, feel free to use your own. Make sure you add it to the bottom of the list under “other.” This will be an important element when we start building your budget.
- Remember that this exercise is setting a baseline for your future budget. Spend as you would normally spend so that you can get an accurate picture of your spending behavior.



Project 1 Activity: Expense Tracking

Handout 1B: 30-Day Expense Tracking Worksheet

Possible Expense Categories

Groceries • Dining Out • Gas • Entertainment • Car Payment • Car Repair • Car Insurance • Gifts • Rent • Renters Insurance • Health Insurance • Utilities • School • Clothing • Credit Cards • Loans • Pet Expenses • Savings • Hair/Nails • Fees or Dues • Other

Day 1

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 2

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 3

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 4

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 5

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 6

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



Project 1 Activity: Expense Tracking

Handout 1B: 30-Day Expense Tracking Worksheet (Continued)

Day 7

Expense Name _____ Amount _____

Day 8

Expense Name _____ Amount _____

Day 9

Expense Name _____ Amount _____

Day 10

Expense Name _____ Amount _____

Day 11

Expense Name _____ Amount _____

Day 12

Expense Name _____ Amount _____

Day 13

Expense Name _____ Amount _____

Day 14

Expense Name _____ Amount _____

Day 15

Expense Name _____ Amount _____



Project 1 Activity Expense Tracking

Handout 1B: 30-Day Expense Tracking Worksheet (Continued)

Day 16

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 17

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 18

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 19

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 20

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 21

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 22

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 23

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 24

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



Project 1 Activity Expense Tracking

Handout 1B: 30-Day Expense Tracking Worksheet (Continued)

Day 25

Expense Name Amount

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

Day 26

Expense Name Amount

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

Day 27

Expense Name Amount

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

Day 28

Expense Name Amount

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

Day 29

Expense Name Amount

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

Day 30

Expense Name Amount

-----	-----
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----



Project 1 Activity: Expense Tracking

Handout 1C: 30-Day Expense Totals Worksheet

Groceries	\$ _____	Cell phone	\$ _____
Dining out	\$ _____	Credit cards	\$ _____
Gas	\$ _____	Loans	\$ _____
Entertainment	\$ _____	Pet expenses	\$ _____
Car payment	\$ _____	Savings	\$ _____
Car repair	\$ _____	Hair/Nails	\$ _____
Car insurance	\$ _____	Fees or dues	\$ _____
Gifts	\$ _____	Other	\$ _____
Rent	\$ _____		\$ _____
Renters insurance	\$ _____		\$ _____
Health insurance	\$ _____		\$ _____
Utilities	\$ _____		\$ _____
School	\$ _____		
Clothing	\$ _____	Total	\$ _____



Project 1 Activity Expense Tracking

Handout 1D: 30-Day Expense Tracking Essay

In a one- to two-page reflective essay, typed and double-spaced, answer the following questions. Make sure you proof the essay for grammar and word usage mistakes.

- What challenges did you encounter with the assignment?
- How frequently did you record your transactions?
- Were you surprised by any of your spending habits?
- How would you summarize how you spend your money?
- Will you change your spending behavior? If so, how?

Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 2: Setting Financial Goals

Lesson Author

Julie Kornegay

Activity Description

Time-related goals can be sorted into three categories:

- **Short-term**—goals that can be achieved in less than one year
- **Intermediate-term**—goals that can be achieved within one to five years
- **Long-term**—goals that will take more than five years to achieve

Objectives

Setting goals helps students visualize the gap between where they are and where they want to be. In this assignment, students will:

- Identify the purpose of financial goals
- Explore the criteria of a well-written goal
- Formulate four financial goals
- Prioritize their goals

Essential Question

What do I want to accomplish financially?

Assignment Materials

Students should use the worksheet provided to identify their financial goals. They should also use any resource necessary to identify costs, timelines, or steps to achieve the goals identified.

Assignment Length

One week

Author's Notes

- I typically start this assignment the second week of class.
- Try to keep students focused on the financial aspect of their goals. I have students say that their goal is to make better grades. Although that is admirable, it isn't a financial goal.
- If the students have trouble coming up with four goals, encourage them to keep it simple. Saving money for Christmas presents, a new pair of jeans or shoes, a down payment for a car, their first semester of college, or saving money for their first apartment are good examples.
- Most students struggle with putting a dollar value on achieving their goals. This is a wonderful opportunity to discuss saving and budgeting.



- My favorite experience with this project was a dialog with a student about his goal of a spring break trip to Miami. The student's goal was to save \$1,000 for one week in South Beach, with flight, cabs, and incidentals. We had a good time talking about how much a flight would be, how far the airport was from where he wanted to stay, and how expensive food was in that area. We turned it into an opportunity to discuss the research that's needed prior to travel. Don't take for granted that the students have done this before. The next week, the student came to class and had revised his goal to include a beach that was closer to home so he could drive with a group of his friends. I don't want to squash students' dreams, but it's important to show them what it will take to get there.
- Prioritizing the goals is an important piece of this project. When students begin their budget, they will need to incorporate how much they will save to meet their financial goals. This can become tricky, and students need to be able to fall back on what they felt was most important when setting and prioritizing their goals.



Project 2 Assessment: Setting Financial Goals Rubric

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student created four financial goals that were thoughtful and well written. (plus 8)	
The student created four financial goals but they were not thoughtful or well written. (plus 4)	
The student identified how to achieve the goals. (plus 8)	
The student partially identified how to achieve the goals. (plus 4)	
The student did not provide information on how to achieve the goals. (no points)	
The student listed goals in order of importance. (plus 4)	
The student did not list goals in order of importance. (no points)	
The assignment was late. (loss of one point per day)	
Total	



Project 2 Overview: Setting Financial Goals

Handout 2A: What do I Want to Accomplish Financially?

Setting goals helps you visualize the gap between where you are and where you want to be. In this assignment, you will:

- Identify the purpose of financial goals
- Explore the criteria of a well-written goal
- Formulate four financial goals
- Prioritize your goals

Time-related goals can be sorted into three categories:

- **Short-term** – goals that can be achieved in less than one year
- **Intermediate-term** – goals that can be achieved within one to five years
- **Long-term** – goals that will take more than five years to achieve

If you establish unrealistic short-term goals, you face a high likelihood of failure. Instead, set financial targets that are almost too easy to meet.

Assignment Instructions

Use Student Handouts 2B – 2E to fine-tune your financial goals. For each goal, you'll follow these steps:

Step 1: What is your goal?

Step 2: What is the target date for reaching your goal?

Step 3: What is the estimated cost?

Step 4: Can you cut back on current spending to put toward your goal?

Step 5: Can you increase income to put money toward your goal?

Step 6: How much money will you need to save monthly?

Once your goals are clearly identified, you'll prioritize them (using Student Handout 2F). Give priority to paying off high-interest debt. Another way to determine the priority of your goals is to create a list of the benefits that will occur when you reach them. Having goals influences your decisions and helps you stay focused on what is most important to you.

Project 2 Activity: Setting Financial Goals

Handout 2B: Financial Goals Worksheet

Fill out steps one through six below for a short-term financial goal you have. Use the worksheet on the next page to complete step 3.

Remember that short-term financial goals can be completed in less than one year.

Step 1	<ul style="list-style-type: none">What is your goal? _____ _____
Step 2	<ul style="list-style-type: none">What is the target date for reaching your goal? _____
Step 3	<ul style="list-style-type: none">What is the estimated cost? _____
Step 4	<ul style="list-style-type: none">Can you cut back on current spending to put toward your goal? _____
Step 5	<ul style="list-style-type: none">Can you increase income to put money toward your goal? _____
Step 6	<ul style="list-style-type: none">How much money will you need to save monthly? _____



Project 2 Activity: Setting Financial Goals

Handout 2B: Financial Goals Worksheet (Continued)

To estimate the cost associated with reaching your goal, identify how much each component will cost and then the total amount needed (e.g., for a vacation goal, list the cost of travel, room, food, spending money, etc.).

Estimated Expenses	Cost
Total amount needed:	

Project 2 Activity: Setting Financial Goals

Handout 2C: Financial Goals Worksheet (Continued)

Fill out steps one through six for an **intermediate-term financial goal** you have. Use the worksheet on the next page to complete step 3.

Remember that intermediate-term financial goals can be completed in between **one and five years**.

Step 1	<ul style="list-style-type: none">What is your goal? _____ _____
Step 2	<ul style="list-style-type: none">What is the target date for reaching your goal? _____
Step 3	<ul style="list-style-type: none">What is the estimated cost? _____
Step 4	<ul style="list-style-type: none">Can you cut back on current spending to put toward your goal? _____
Step 5	<ul style="list-style-type: none">Can you increase income to put money toward your goal? _____
Step 6	<ul style="list-style-type: none">How much money will you need to save monthly? _____



Project 2 Activity: Setting Financial Goals

Handout 2C: Financial Goals Worksheet (Continued)

To estimate the cost associated with reaching your goal, identify how much each component will cost and then the total amount needed (e.g., for a vacation goal, list the cost of travel, room, food, spending money, etc.)

Estimated Expenses	Cost
Total amount needed:	



Project 2 Activity: Setting Financial Goals

Handout 2D: Financial Goals Worksheet (Continued)

Fill out steps one through six for a **long-term financial goal** you have. Use the worksheet on the next page to complete step 3.

Remember that long-term financial goals are projected to be completed in **five years** or more.

Step 1	<ul style="list-style-type: none">What is your goal? _____
Step 2	<ul style="list-style-type: none">What is the target date for reaching your goal? _____
Step 3	<ul style="list-style-type: none">What is the estimated cost? _____
Step 4	<ul style="list-style-type: none">Can you cut back on current spending to put toward your goal? _____
Step 5	<ul style="list-style-type: none">Can you increase income to put money toward your goal? _____
Step 6	<ul style="list-style-type: none">How much money will you need to save monthly? _____



Project 2 Activity: Setting Financial Goals

Handout 2D: Financial Goals Worksheet (Continued)

To estimate the cost associated with reaching your goal, identify how much each component will cost and then the total amount needed (e.g., for a vacation goal, list the cost of travel, room, food, spending money, etc.)

Estimated Expenses	Cost
Total amount needed:	



Project 2 Activity: Setting Financial Goals

Handout 2E: Financial Goals Worksheet (Continued)

Fill out steps one through six below for another financial goal you have. Use the worksheet on the next page to complete step 3.

Step 1	<ul style="list-style-type: none">What is your goal? _____ _____
Step 2	<ul style="list-style-type: none">What is the target date for reaching your goal? _____
Step 3	<ul style="list-style-type: none">What is the estimated cost? _____
Step 4	<ul style="list-style-type: none">Can you cut back on current spending to put toward your goal? _____
Step 5	<ul style="list-style-type: none">Can you increase income to put money toward your goal? _____
Step 6	<ul style="list-style-type: none">How much money will you need to save monthly? _____



Project 2 Activity: Setting Financial Goals

Handout 2E: Financial Goals Worksheet (Continued)

To estimate the cost associated with reaching your goal, identify how much each component will cost and then the total amount needed (e.g., for a vacation goal, list the cost of travel, room, food, spending money, etc.)

Estimated Expenses	Cost
Total amount needed:	



Project 2 Activity: Setting Financial Goals

Handout 2F: Financial Goal Priorities Exercise

Think of the four financial goals you identified on the Financial Goals Worksheets (Student Handouts 2B – 2E). Which of these is the greatest priority for you to accomplish? List your four financial goals in order of importance below.

	Amount Needed	Date to Achieve Goal	Month to Save	Start Saving Date	Monthly Amount to Save
Goal 1					
Goal 2					
Goal 3					
Goal 4					





Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 3: Cash Flow and Balance Sheets

Lesson Author

Julie Kornegay

Activity Description

Financial statements are compilations of personal financial data that describe an individual's current financial condition. Financial statements present a summary of assets and liabilities, as well as income and spending.

Objectives

A financial statement captures a person's overall wealth at a specific point in time. In this lesson, students will:

- Define terms associated with financial statements
- Incorporate data into financial statements
- Determine if an item is an asset, liability, or both
- Compare and contrast the benefits of financial statements

Essential Question

How do I determine my wealth?

Assignment Materials

Students may use any resource to complete this project. Resources could include websites to value assets or personal financial statements.

Assignment Length

One week

Author's Notes

- I incorporated the in-class activity (Student Handouts 3B and 3C) because students were having trouble understanding the concepts in the textbook. I have students work in groups of two to three, with each group sharing a worksheet and a set of scenario cards.
- You will need to make a set of scenario cards for each group of students, or you could simply provide a copy of the cards sheet and have students check them off as they work through them. If you decide to make the card sets, print the cash flow and balance sheet cards on different colors of paper. I use green for the cash flow set and orange for the balance sheet set.
- I give students about 15 minutes to work through the activity and then we discuss. The activity allows them to practice the concepts before applying them to their personal balance sheet. Note that Student Handouts 3D and 3E are answer keys for the two in-class activities. You may wish to distribute the answers when the students have completed the in-class activities and are ready to discuss the process.
- Students have struggled with the idea that an item can be both an asset and a liability. For example a car is an asset, but if there is still a loan balance it is also a liability.
- Students are often surprised at how much wealth they have accumulated.



Project 3 Assessment: Cash Flow and Balance Sheet Rubric

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student created a cash flow statement that was complete. The cash flow statement provided detail of income and expenses. (plus 10) The student attempted to create a cash flow statement but they were not thorough. (plus 5) The student did not attempt. (0 points)	
The student created a balance sheet that was complete. Detailed information was provided for assets and liabilities. (plus 10) The student attempted to create a balance sheet but they were not thorough. (plus 5) The student did not attempt. (0 points)	
The assignment was late. (loss of one point per day)	
Total	



Project 3 Overview: Cash Flow and Balance Sheets

Handout 3A: How Do I Determine My Wealth?

Financial statements capture your overall wealth at a specific point in time. In this lesson, you will:

- Define terms associated with financial statements
- Incorporate data into financial statements
- Determine if an item is an asset, liability, or both
- Organize personal financial data into a spreadsheet to determine net worth

Financial statements are compilations of personal financial data that describe an individual's current financial condition. They present a summary of assets and liabilities, as well as income and spending.

Assignment Instructions

After completing the in-class activities (Student Handouts 3B and 3C), use the answer keys to check your work (Student Handouts 3D and 3E). Once you are comfortable with how to categorize assets, liabilities, income, and expenses, you will use the templates provided (Student Handouts 3F and 3G) to create your own financial statement.

Points to remember:

- A cash flow statement shows how much money has come in as income, and how much money has left in expenses. By subtracting your expenses from your income, you can tell if you have a surplus or a deficit in income.
- Fixed expenses recur at specific intervals. Rent and car payments are examples of fixed expenses. Variable expenses change over time. Examples of variable expenses are food and utilities.
- Once you have completed entering your income and expenses, you will need to determine if you have a monthly surplus (income exceeds expenses) or a deficit (expenses exceed income).
- Having a budget and using a cash flow statement can help you anticipate shortages and surpluses. For example, in December your outflow will be greater than normal because you would like to purchase Christmas gifts. However, in the summer months your cash inflow may be higher because of a summer job. By using a cash flow statement, you can more easily identify the flow of income and expenses.
- A balance sheet is a snapshot of what is happening in your financial life. It covers your overall wealth at a specific point in time. An asset is everything you own that has monetary value. Assets can be classified as monetary (cash or near cash), tangible (personal property) or investment assets (stocks and bonds).
- Liabilities are what you owe. Liabilities can be classified into short-term (debt repaid within one year) or long-term (longer than one year).
- Remember that an asset can also be a liability. For example, a car with a value of \$5,000 would be listed in the asset column. If there were an outstanding loan balance of \$2,500, it would be reflected in the long-term liability column.
- Once you have listed the value of your assets and balances of your liabilities, you will determine your net worth. $\text{Assets} - \text{Liabilities} = \text{Net Worth}$
- By completing a balance sheet, you can easily identify strategies to increase net worth. You should update your balance sheet at least once a year.



Project 3 Activity: Cash Flow and Balance Sheets

Handout 3B: Monthly Cash Flow Exercise

Use the following scenario cards to fill out the Monthly Cash Flow Statement worksheet.

You pay a \$150 car payment.

You receive your monthly gross salary of \$2,000.

You pay rent of \$450 per month.

You pay your medical insurance of \$75 a month.

You pay your renter's insurance of \$20.

You pay your car insurance of \$50.

You pay for monthly groceries \$200.

Your monthly utilities are due. You owe \$125.

Your monthly bill for gasoline comes in and you must pay \$75.

It's your mother's birthday. You purchase a \$50 present.

Taxes come out of your paycheck.
Federal Tax \$150
State Tax \$50
Social Security \$150

You go to a movie with a friend that costs \$10.

You put \$100 into savings for a vacation at the beach.

You hit a pothole and have a flat tire. You must pay \$75 for a new one.

You go out to dinner with friends. Your bill is \$25.

You find the perfect outfit for your date this weekend. You pay \$100 for the outfit.

Project 3 Activity: Cash Flow and Balance Sheets

Handout 3B: Monthly Cash Flow Statement Worksheet (Continued)

Complete this worksheet with the information from the green scenario cards.

Income	
Gross salary	
Total Income	
Expenditures	
Fixed Expenses	
Rent	
Renter's insurance	
Automobile loan payment	
Automobile insurance	
Medical insurance	
Revolving savings fund	
Federal income tax	
State income tax	
Social Security tax	
Total Fixed Expenses	
Variable Expenses	
Food	
Utilities	
Gasoline and maintenance	
Clothing and personal upkeep	
Gifts	
Miscellaneous	
Total Variable Expenses	
Total Expenses	
SURPLUS (DEFICIT)	



Project 3 Activity: Cash Flow and Balance Sheets

Handout 3C: Balance Sheet Exercise

Use the following scenario cards to fill out the Balance Sheet worksheet.

You have \$1250
in your checking
account.

You have \$1750
in your revolving
savings account.

You purchased a
computer last
summer and it is
valued at \$500.

You received a
graduation gift of a
watch and it is
valued at \$300.

You purchased new
furniture for your
apartment. It is
valued at \$1,000,
but you still
owe \$400.

Your car is valued
at \$5,000, but you
still owe \$1,500.

You owe \$300 on
a credit card.

You have put
\$1,000 into a
Roth IRA.

You participate in
your employer's
401k program.
You have saved
\$5,000

You need a root
canal procedure at
your dentist office.
You owe \$400.

You just cashed
your income tax
refund of \$1,000.

You purchased a
flat-screen TV that
is valued at \$500.

You have \$75
in cash.

You have a student
loan balance of
\$20,000.

You purchase a
condo for \$60,000
and you owe
\$45,000.

You and your best
friend move into
your new condo.
They pay you \$450
a month in rent.

Project 3 Activity: Cash Flow and Balance Sheets

Handout 3C: Balance Sheet Exercise (Continued)

Use the following scenario cards to fill out the Balance Sheet worksheet.

Assets	\$	Liabilities	\$
Monetary Assets		Short-term Liabilities	
Savings account		Credit card	
Checking account		Medical debt	
Cash			
Other			
Total Monetary Assets		Total Short-term Liabilities	
Tangible Assets		Long-term Liabilities	
Computer		Automobile loan	
Jewelry		Home mortgage	
Furniture		Furniture loan	
Automobile		Student loan	
Television			
Home			
Total Tangible Assets		Total Long-term Liabilities	
Investment Assets			
Roth IRA			
401K Retirement Account			
Total Investment Assets			
Total Assets		Total Liabilities	
Assets			
Liabilities			
Net Worth			

Project 3 Activity: Cash Flow and Balance Sheets

Handout 3D: Cash Flow Statement Answer Key

This chart shows the answers for the worksheet associated with the green cards.

Income	
Gross salary	\$2,000
Total Income	\$2,000
Expenditures	
Fixed Expenses	
Rent	\$450
Renter's insurance	\$20
Automobile loan payment	\$150
Automobile insurance	\$50
Medical insurance	\$75
Revolving savings fund	\$100
Federal income tax	\$150
State income tax	\$50
Social Security tax	\$150
Total Fixed Expenses	\$1,195
Variable Expenses	
Food	$\$200 + \$25 = \$225$
Utilities	\$125
Gasoline and maintenance	$\$75 + \$75 = \$150$
Clothing and personal upkeep	\$100
Gifts	\$50
Miscellaneous	\$10
Total Variable Expenses	\$660
Total Expenses	\$1,855
SURPLUS (DEFICIT)	\$145

Project 3 Activity: Cash Flow and Balance Sheets

Handout 3F: Balance Sheet Worksheet Answer Key

This chart shows the answers for the worksheet associated with the orange cards.

Assets	\$	Liabilities	\$
Monetary Assets			
Savings account	\$1,750	Credit card	\$300
Checking account	\$1,250	Medical debt	\$400
Cash	\$1,000 + \$75 = \$1,075		
Other	\$450		
Total Monetary Assets	\$4,525	Total Short-term Liabilities	\$700
Tangible Assets		Long-term Liabilities	
Computer	\$500	Automobile loan	\$1,500
Jewelry	\$300	Home mortgage	\$45,000
Furniture	\$1,000	Furniture loan	\$400
Automobile	\$5,000	Student loan	\$20,000
Television	\$500		
Home	\$60,000		
Total Tangible Assets	\$67,300	Total Long-term Liabilities	\$66,900
Investment Assets			
Roth IRA	\$1,000		
401K Retirement Account	\$5,000		
Total Investment Assets	\$6,000		
Total Assets	\$77,825	Total Liabilities	\$67,600
Assets	\$77,825		
Liabilities	\$67,600		
Net Worth	\$10,225		



Project 3 Activity: Cash Flow and Balance Sheets

Handout 3F: My Cash Flow Statement

Income		Expenses			
		Fixed Expenses	\$	Variable Expenses	\$
Wages #1 (gross)	\$	Real Estate Taxes		Food (home)	
Wages #2 (gross)		Vehicle Loan #1		Food (meals away)	
Interest Income		Vehicle Loan #2		Food (for entertainment)	
Dividend Income		Automobile Insurance		Entertainment	
Sales Commissions		Life Insurance		Electricity	
Bonuses		Medical Insurance		Natural Gas	
Tips		Retirement Fund #1		Water/Sewer	
Gifts		Retirement Fund #2		Garbage Collection	
Tax Refunds		Student Loan Payments		Cable TV	
Other		Federal Income Tax		Telephone	
Other		State Income Taxes		Cell Phone	
Total Income		City Income Taxes		Medical	
		Social Security Taxes		Clothing	
		Personal Property Taxes		Gifts	
		Savings #1		Personal Care	
		Savings #2		Personal Allowances	
		Savings #3		Gasoline	
		Other		Vehicle Maintenance	
		Other		Education Expenses	
		Other		Charitable Contributions	
		Total Fixed Expenses		Other	
				Other	
				Other	
				Other	
				Miscellaneous	
				Total Variable Expenses	
				TOTAL EXPENSES	
				SURPLUS (DEFICIT)	



Project 3 Activity: Cash Flow and Balance Sheets

Handout 3G: My Balance Sheet

Assets		Liabilities	
Monetary Assets		Short Term Liabilities	
Cash		Credit Card #1	
Checking Account #1		Credit Card #2	
Checking Account #2		Credit Card #3	
Savings Account #1		Credit Card #4	
Savings Account #2		Medical Debts	
Savings Account #3		Past Due Utilities	
Certificate of Deposit #1		Past Due Rent	
Certificate of Deposit #2		Personal Loans	
Money Market Account		Other	
Other		Other	
Other		Other	
Total Monetary Assets		Total Short Term Liabilities	
Tangible Assets		Long-term Liabilities	
Vehicle #1		Vehicle Loan #1	
Vehicle #2		Vehicle Loan #2	
Home #1		Home Mortgage #1	
Home #2		Home Mortgage #2	
Clothing		Student Loan(s)	
Furniture		Furniture Loans	
Entertainment Electronics		Computer Loans	
Home Appliances & Equipment		Home Appliance Loans	
Computer Equipment		Personal Loans	
Computer Software		Other	
Jewelry		Other	
Recreation Items		Total Long-term Liabilities	
Personal Property		TOTAL LIABILITIES	
Other Tangible Assets			
Total Tangible Assets			



Project 3 Activity: My Balance Sheet (Continued)

Investment Assets			
Stocks			
Bonds			
Mutual Fund #1			
Mutual Fund #2			
Employer Retirement Account(s)			
IRA Accounts			
Life Insurance Cash Value(s)			
Real Estate Investments			
Collectibles			
Other Investment Assets			
Total Investment Assets			
TOTAL ASSETS		Net Worth	



Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 4: Income Taxes

Lesson Author

Julie Kornegay

Activity Description

We spend a large part of our work year earning money to pay taxes. We are taxed when we work and often taxed when we make purchases. Besides federal income taxes, we have state taxes, personal property taxes, sales taxes, capital gains taxes, and more.

Objectives

In this lesson, students will:

- Define taxes as compulsory charges imposed by government on its citizens and their property to pay for expenses
- Identify the most common IRS forms (W2 and 1099)
- Complete a Federal 1040 form
- Identify appropriate strategies to avoid overpayment of income taxes

Essential Question

What can I do to avoid overpayment of income taxes?

Assignment Materials

Students will need access to the internet to complete the in-class activity. They may use all resources at their disposal to complete the take-home assignment.

Assignment Length

One week

Author's Notes

- Students are typically intimidated by the thought of doing their own taxes. Many would prefer to pay a service to complete a 1040 form. Others have friends or family members complete the forms. This activity is designed to build the students' coactivity confidence to complete tax forms themselves.
- We spend time in class discussing tax credits that are available for students. I also discuss tax- deferred savings and investing and how being strategic in contributions to 401k or IRAs can help you keep more of your money.
- For more information on tax credits and deductions for students, I have found this link helpful: www.irs.gov/uac/Tax-Benefits-for-Education-Information-Center.
- Students will need to access Khan Academy's Taxes site at <https://www.khanacademy.org/college-careers-more/personal-finance/pf-taxes>. They should spend time reviewing the Personal taxes overview section. Once they have reviewed the modules, they will be ready to complete a 1040 form.



- One of the problems I had in pulling together this project was finding documents that were current. As I explain to the students, tax law changes every year. Most websites are not using current-year data. I use the IRS website for forms and publications (<https://www.irs.gov/pub/irs-pdf/f1040.pdf>) for up-to-date 1040 forms, tax tables, and instructions.
- I know that there are websites that do much of the calculating automatically, but I have my students do it the old-fashioned way. They must use the tax tables in the back of the handout packet to determine their refunds. I feel that it's important for students to have experience working with the tables, and we don't always have access to our computer lab. I let them use any format (online or electronic) when they complete their project-based piece.
- If I teach this class during the spring semester, I typically give the students a choice to either complete their personal income tax form or use the 1040 scenario. If this class is taught in the fall, I will have all of the students complete the 1040 assignment. The object is to make them feel comfortable enough with the process that they don't pay someone to complete their tax return for them.



Project 4 Assessment: Income Taxes Rubric

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student completed the tax form. (plus 10) The student attempted to complete the form but they were not thorough. (plus 5) The student did not attempt. (0 points)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage and spelling. The essay is generally free from errors. (plus 6) The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 4) The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 2)	
The essay answered all questions thoughtfully. The essay contains details that support the author's responses. (plus 4) The essay answered most questions but lacked detail. (plus 3) The essay was vague and lacked detail. (plus 1)	
Total	



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Project 4 Resources: Completed 1040—Answer Key

Form 1040	Department of the Treasury—Internal Revenue Service (99)	2019	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
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Filing Status ☒ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)
 Check only one box.
 If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ►

Your first name and middle initial TASHA R.	Last name MILLER	Your social security number 2 2 2 0 0 2 2 2 2
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Foreign country name	Foreign province/state/country	Foreign postal code	If more than four dependents, see instructions and ✓ here ► <input type="checkbox"/>
----------------------	--------------------------------	---------------------	--

Standard Deduction **Someone can claim:** ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** ☐ Were born before January 2, 1955 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1955 ☐ Is blind

Dependents (see instructions):		(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see instructions):	
(1) First name	Last name			Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1 36,206
2a Tax-exempt interest	2a
3a Qualified dividends	3a
4a IRA distributions	4a
c Pensions and annuities	4c
5a Social security benefits	5a
6 Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	6
7a Other income from Schedule 1, line 9	7a
b Add lines 1, 2b, 3b, 4b, 5b, 6, and 7a. This is your total income	7b 36,249
8a Adjustments to income from Schedule 1, line 22	8a
b Subtract line 8a from line 7b. This is your adjusted gross income	8b
9 Standard deduction or itemized deductions (from Schedule A)	9 12,200
10 Qualified business income deduction. Attach Form 8995 or Form 8995-A	10
11a Add lines 9 and 10	11a 12,200
b Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-	11b 24,249

Standard Deduction for—

- Single or Married filing separately, \$12,200
- Married filing jointly or Qualifying widow(er), \$24,400
- Head of household, \$18,350
- If you checked any box under **Standard Deduction**, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2019)

Making Finance Personal: Project 4: Income Taxes (Updated 2020)

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Project 4 Resources: Completed 1040—Answer Key (Continued)

Form 1040 (2019)		Page 2	
12a	Tax (see inst.) Check if any from Form(s): <input type="checkbox"/> 8814 <input type="checkbox"/> 4972 <input type="checkbox"/> 12a <u>2689</u>	12b	<u>2689</u>
b	Add Schedule 2, line 3, and line 12a and enter the total	12b	<u>2689</u>
13a	Child tax credit or credit for other dependents	13a	
b	Add Schedule 3, line 7, and line 13a and enter the total	13b	
14	Subtract line 13b from line 12b. If zero or less, enter -0-	14	<u>2689</u>
15	Other taxes, including self-employment tax, from Schedule 2, line 10	15	
16	Add lines 14 and 15. This is your total tax	16	<u>2689</u>
17	Federal income tax withheld from Forms W-2 and 1099	17	<u>4452</u>
18	Other payments and refundable credits:		
a	Earned income credit (EIC)	18a	
b	Additional child tax credit. Attach Schedule 8812	18b	
c	American opportunity credit from Form 8863, line 8	18c	
d	Schedule 3, line 14	18d	
e	Add lines 18a through 18d. These are your total other payments and refundable credits	18e	
19	Add lines 17 and 18e. These are your total payments	19	<u>4452</u>
Refund	20 If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you overpaid	20	<u>1763</u>
Direct deposit? See instructions.	21a Amount of line 20 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	21a	<u>1763</u>
	b Routing number <u>1 2 3 4 5 6 7 8 9</u> c Type: <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings		
	d Account number <u>1 1 0 0 0 1 2 3 4 5 6</u>		
	22 Amount of line 20 you want applied to your 2020 estimated tax	22	
Amount You Owe	23 Amount you owe. Subtract line 19 from line 16. For details on how to pay, see instructions	23	
	24 Estimated tax penalty (see instructions)	24	
Third Party Designee	Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions. <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No		
(Other than paid preparer)	Designee's name	Phone no.	Personal identification number (PIN)
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Joint return? See instructions. Keep a copy for your records.	Your signature <i>Tasha Miller</i>	Date 04-15-19	Your occupation CLERICAL
	Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation
	Phone no.	Email address	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
	Preparer's name	Preparer's signature	Date
Paid Preparer Use Only	Firm's name	Phone no.	PTIN
	Firm's address	Firm's EIN	Check if: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed

Go to www.irs.gov/Form1040 for instructions and the latest information.

Form **1040** (2019)



Project 4 Overview: Income Taxes

Handout 4A: What Can I Do to Avoid Overpayment of Income Taxes?

We spend a large part of our work year earning money to pay taxes. We are taxed when we work and often taxed when we make a purchase. Besides federal income taxes, we have state taxes, personal property taxes, sales taxes, capital gains taxes, and more. In this lesson, you will:

- Define taxes as compulsory charges imposed by government on its citizens and their property to pay for expenses
- Identify the most common IRS forms (W2 and 1099)
- Complete a Federal 1040 form
- Identify appropriate strategies to avoid overpayment of income taxes

Assignment Instructions

For our classroom assignment, you will need to access the internet. Your assignment is located in the Khan Academy course on Taxes and Tax Forms <https://www.khanacademy.org/college-careers-more/personal-finance/pf-taxes>. You will need to review:

- Personal Tax Overview – (We no longer use the 1040EZ, but there is still good information in the video.)
- Tax Forms
- Protecting your personal information



Project 4 Activity: Income Taxes

Handout 4B: Income Taxes: Take-Home Assignment

For your project-based learning assignment, you will have a choice as to how you would like to demonstrate you have mastered filing income taxes.

Choice A

If you plan to file your personal taxes, you may show me your completed return for the 10-point assignment credit. Please recall that if you are uncomfortable with sharing personal information, you may make a copy and black out anything you don't want to share. I will not review the return for accuracy. I will simply make sure you have completed the form and filed a copy in your project binder.

Choice B

If you do not work or your parents claim you on their taxes and you don't plan to file a return, you will need to select and complete this option.

This is very similar to the simulation you worked on in class. Use the profile information below to complete the assignment.

Profile Information

Your name is Tasha R. Miller and you live at 285 Linden Avenue, Anywhere, USA, 00100. Your social security number is 222-00-2222.

Employment: Full-time

Marital status: Single

Spouse's name (if any): N/A

Children: None

U.S. citizen: Yes

Other: It's the end of the tax year. You receive your W-2 from your employer. You have earned \$36,206 from your job and \$43 in interest reflected on our 1099 form.

Note: Your employer is required to send your W-2 postmarked by January 31.

You have everything you need to file your taxes. Use the sample 1099 and W2 provided in this activity.

Go to <https://www.irs.gov/pub/irs-pdf/f1040.pdf> to download and print a 1040 form to use for this exercise.

Don't get tripped up:

- You choose to decline the Presidential Election Campaign box.
- Use your W2 handout to complete line 1 of the 1040 form. A W2 is a wage and tax statement sent to you by your employer. It provides documentation of income earned and taxes paid for the tax year.
- Use your 1099-INT form to complete line 2b. The 1099-INT form is documentation of how much interest you earned on a specific account.
- Total lines 1 and 2b on line 7b and again on 8b to reflect your adjusted gross income.
- Line 9 should reflect your standard deduction. Carry your standard deduction total to line 11a.
- Subtract 11a from 8b to determine your taxable income.



- You will now need to use your tax table to find your tax amount owed on your taxable income.
- That dollar amount should be reflected in line 12a, 12b, 14, and 16.
- For line 17, refer to your W2 to find the amount of Federal Income Tax withheld. Enter that number again on line 19.
- Subtract line 16 from 19 to the amount you overpaid or your refund.
- You would like the refund deposited into your checking account. Your checking account routing number is 12345678 and account number is 11000123456.
- When you have completed the tax assignment, you will then include either your actual tax forms or your sample tax forms in your binder.
- You do not want to allow a third party to discuss the return.
- Sign, date, indicate your occupation, and list your phone number. You do not have a spouse.
- You did not pay someone to prepare the return so leave the last boxes empty.
- Congratulations! You have completed your taxes.



Project 4 Resources: Income Taxes

Handout 4B: Income Taxes: Take-Home Assignment—Blank 1040

Go to: <https://www.irs.gov/pub/irs-pdf/f1040.pdf>



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Project 4 Resources: Income Taxes

Handout 4C: Income Taxes: Take-Home Assignment—W-2 and 1099-Int

a Employee's social security number 222-00-2222		Safe, accurate, FAST! Use		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 10-000003		1 Wages, tips, other compensation \$36,206.00		2 Federal income tax withheld \$4,452.00	
c Employer's name, address, and ZIP code JOB CENTER 30 ASH GROVE ANYTOWN, US 00100		3 Social security wages \$36,206.00		4 Social security tax withheld \$1,502.65	
		5 Medicare wages and tips \$36,206.00		6 Medicare tax withheld \$521.36	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial Last name Suff. TASHA R. MILLER 285 LINDEN AVENUE ANYTOWN, US 00100		11 Nonqualified plans		12a See instructions for box 12	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State US	Employer's state ID number 20-0000000	16 State wages, tips, etc. \$36,206.00	17 State income tax \$2,480.12	18 Local wages, tips, etc.	19 Local income tax
				20 Locality name	

Form W-2 Wage and Tax Statement 2019 Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

<input type="checkbox"/> CORRECTED (if checked)		PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. YOUR BANK 123 SOME STREET ANYTOWN, USA 00123		Payer's RTN (optional)		OMB No. 1545-0112 2019 Form 1099-INT		Interest Income	
		1 Interest income \$ 43.00		2 Early withdrawal penalty \$				Copy B	
PAYER'S TIN 12-0000		RECIPIENT'S TIN ***-**-2222		3 Interest on U.S. Savings Bonds and Treas. obligations \$				For Recipient	
RECIPIENT'S name TASHA R. MILLER		4 Federal income tax withheld \$ 00		5 Investment expenses \$				This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
Street address (including apt. no.) 285 LINDEN AVENUE		6 Foreign tax paid \$		7 Foreign country or U.S. possession					
City or town, state or province, country, and ZIP or foreign postal code ANYWHERE, USA, 00100		8 Tax-exempt interest \$		9 Specified private activity bond interest \$					
FATCA filing requirement <input type="checkbox"/>		10 Market discount \$		11 Bond premium \$					
		12 Bond premium on Treasury obligations \$		13 Bond premium on tax-exempt bond \$					
Account number (see instructions) *****1234		14 Tax-exempt and tax credit bond CUSIP no.		15 State		16 State identification no.		17 State tax withheld \$ 00	
Form 1099-INT		(keep for your records)		www.irs.gov/Form1099INT		Department of the Treasury - Internal Revenue Service			

Making Finance Personal: Project 4: Income Taxes (Updated 2020)

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Project 4 Resources: Income Taxes

Handout 4D: Income Taxes: Take-Home Assignment—Tax Table

If line 11b (taxable income) is—		And you are—				If line 11b (taxable income) is—		And you are—				If line 11b (taxable income) is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
Your tax is—						Your tax is—						Your tax is—					
21,000						24,000						27,000					
21,000	21,050	2,329	2,135	2,329	2,246	24,000	24,050	2,689	2,495	2,689	2,606	27,000	27,050	3,049	2,855	3,049	2,966
21,050	21,100	2,335	2,141	2,335	2,252	24,050	24,100	2,695	2,501	2,695	2,612	27,050	27,100	3,055	2,861	3,055	2,972
21,100	21,150	2,341	2,147	2,341	2,258	24,100	24,150	2,701	2,507	2,701	2,618	27,100	27,150	3,061	2,867	3,061	2,978
21,150	21,200	2,347	2,153	2,347	2,264	24,150	24,200	2,707	2,513	2,707	2,624	27,150	27,200	3,067	2,873	3,067	2,984
21,200	21,250	2,353	2,159	2,353	2,270	24,200	24,250	2,713	2,519	2,713	2,630	27,200	27,250	3,073	2,879	3,073	2,990
21,250	21,300	2,359	2,165	2,359	2,276	24,250	24,300	2,719	2,525	2,719	2,636	27,250	27,300	3,079	2,885	3,079	2,996
21,300	21,350	2,365	2,171	2,365	2,282	24,300	24,350	2,725	2,531	2,725	2,642	27,300	27,350	3,085	2,891	3,085	3,002
21,350	21,400	2,371	2,177	2,371	2,288	24,350	24,400	2,731	2,537	2,731	2,648	27,350	27,400	3,091	2,897	3,091	3,008
21,400	21,450	2,377	2,183	2,377	2,294	24,400	24,450	2,737	2,543	2,737	2,654	27,400	27,450	3,097	2,903	3,097	3,014
21,450	21,500	2,383	2,189	2,383	2,300	24,450	24,500	2,743	2,549	2,743	2,660	27,450	27,500	3,103	2,909	3,103	3,020
21,500	21,550	2,389	2,195	2,389	2,306	24,500	24,550	2,749	2,555	2,749	2,666	27,500	27,550	3,109	2,915	3,109	3,026
21,550	21,600	2,395	2,201	2,395	2,312	24,550	24,600	2,755	2,561	2,755	2,672	27,550	27,600	3,115	2,921	3,115	3,032
21,600	21,650	2,401	2,207	2,401	2,318	24,600	24,650	2,761	2,567	2,761	2,678	27,600	27,650	3,121	2,927	3,121	3,038
21,650	21,700	2,407	2,213	2,407	2,324	24,650	24,700	2,767	2,573	2,767	2,684	27,650	27,700	3,127	2,933	3,127	3,044
21,700	21,750	2,413	2,219	2,413	2,330	24,700	24,750	2,773	2,579	2,773	2,690	27,700	27,750	3,133	2,939	3,133	3,050
21,750	21,800	2,419	2,225	2,419	2,336	24,750	24,800	2,779	2,585	2,779	2,696	27,750	27,800	3,139	2,945	3,139	3,056
21,800	21,850	2,425	2,231	2,425	2,342	24,800	24,850	2,785	2,591	2,785	2,702	27,800	27,850	3,145	2,951	3,145	3,062
21,850	21,900	2,431	2,237	2,431	2,348	24,850	24,900	2,791	2,597	2,791	2,708	27,850	27,900	3,151	2,957	3,151	3,068
21,900	21,950	2,437	2,243	2,437	2,354	24,900	24,950	2,797	2,603	2,797	2,714	27,900	27,950	3,157	2,963	3,157	3,074
21,950	22,000	2,443	2,249	2,443	2,360	24,950	25,000	2,803	2,609	2,803	2,720	27,950	28,000	3,163	2,969	3,163	3,080
22,000						25,000						28,000					
22,000	22,050	2,449	2,255	2,449	2,366	25,000	25,050	2,809	2,615	2,809	2,726	28,000	28,050	3,169	2,975	3,169	3,086
22,050	22,100	2,455	2,261	2,455	2,372	25,050	25,100	2,815	2,621	2,815	2,732	28,050	28,100	3,175	2,981	3,175	3,092
22,100	22,150	2,461	2,267	2,461	2,378	25,100	25,150	2,821	2,627	2,821	2,738	28,100	28,150	3,181	2,987	3,181	3,098
22,150	22,200	2,467	2,273	2,467	2,384	25,150	25,200	2,827	2,633	2,827	2,744	28,150	28,200	3,187	2,993	3,187	3,104
22,200	22,250	2,473	2,279	2,473	2,390	25,200	25,250	2,833	2,639	2,833	2,750	28,200	28,250	3,193	2,999	3,193	3,110
22,250	22,300	2,479	2,285	2,479	2,396	25,250	25,300	2,839	2,645	2,839	2,756	28,250	28,300	3,199	3,005	3,199	3,116
22,300	22,350	2,485	2,291	2,485	2,402	25,300	25,350	2,845	2,651	2,845	2,762	28,300	28,350	3,205	3,011	3,205	3,122
22,350	22,400	2,491	2,297	2,491	2,408	25,350	25,400	2,851	2,657	2,851	2,768	28,350	28,400	3,211	3,017	3,211	3,128
22,400	22,450	2,497	2,303	2,497	2,414	25,400	25,450	2,857	2,663	2,857	2,774	28,400	28,450	3,217	3,023	3,217	3,134
22,450	22,500	2,503	2,309	2,503	2,420	25,450	25,500	2,863	2,669	2,863	2,780	28,450	28,500	3,223	3,029	3,223	3,140
22,500	22,550	2,509	2,315	2,509	2,426	25,500	25,550	2,869	2,675	2,869	2,786	28,500	28,550	3,229	3,035	3,229	3,146
22,550	22,600	2,515	2,321	2,515	2,432	25,550	25,600	2,875	2,681	2,875	2,792	28,550	28,600	3,235	3,041	3,235	3,152
22,600	22,650	2,521	2,327	2,521	2,438	25,600	25,650	2,881	2,687	2,881	2,798	28,600	28,650	3,241	3,047	3,241	3,158
22,650	22,700	2,527	2,333	2,527	2,444	25,650	25,700	2,887	2,693	2,887	2,804	28,650	28,700	3,247	3,053	3,247	3,164
22,700	22,750	2,533	2,339	2,533	2,450	25,700	25,750	2,893	2,699	2,893	2,810	28,700	28,750	3,253	3,059	3,253	3,170
22,750	22,800	2,539	2,345	2,539	2,456	25,750	25,800	2,899	2,705	2,899	2,816	28,750	28,800	3,259	3,065	3,259	3,176
22,800	22,850	2,545	2,351	2,545	2,462	25,800	25,850	2,905	2,711	2,905	2,822	28,800	28,850	3,265	3,071	3,265	3,182
22,850	22,900	2,551	2,357	2,551	2,468	25,850	25,900	2,911	2,717	2,911	2,828	28,850	28,900	3,271	3,077	3,271	3,188
22,900	22,950	2,557	2,363	2,557	2,474	25,900	25,950	2,917	2,723	2,917	2,834	28,900	28,950	3,277	3,083	3,277	3,194
22,950	23,000	2,563	2,369	2,563	2,480	25,950	26,000	2,923	2,729	2,923	2,840	28,950	29,000	3,283	3,089	3,283	3,200
23,000						26,000						29,000					
23,000	23,050	2,569	2,375	2,569	2,486	26,000	26,050	2,929	2,735	2,929	2,846	29,000	29,050	3,289	3,095	3,289	3,206
23,050	23,100	2,575	2,381	2,575	2,492	26,050	26,100	2,935	2,741	2,935	2,852	29,050	29,100	3,295	3,101	3,295	3,212
23,100	23,150	2,581	2,387	2,581	2,498	26,100	26,150	2,941	2,747	2,941	2,858	29,100	29,150	3,301	3,107	3,301	3,218
23,150	23,200	2,587	2,393	2,587	2,504	26,150	26,200	2,947	2,753	2,947	2,864	29,150	29,200	3,307	3,113	3,307	3,224
23,200	23,250	2,593	2,399	2,593	2,510	26,200	26,250	2,953	2,759	2,953	2,870	29,200	29,250	3,313	3,119	3,313	3,230
23,250	23,300	2,599	2,405	2,599	2,516	26,250	26,300	2,959	2,765	2,959	2,876	29,250	29,300	3,319	3,125	3,319	3,236
23,300	23,350	2,605	2,411	2,605	2,522	26,300	26,350	2,965	2,771	2,965	2,882	29,300	29,350	3,325	3,131	3,325	3,242
23,350	23,400	2,611	2,417	2,611	2,528	26,350	26,400	2,971	2,777	2,971	2,888	29,350	29,400	3,331	3,137	3,331	3,248
23,400	23,450	2,617	2,423	2,617	2,534	26,400	26,450	2,977	2,783	2,977	2,894	29,400	29,450	3,337	3,143	3,337	3,254
23,450	23,500	2,623	2,429	2,623	2,540	26,450	26,500	2,983	2,789	2,983	2,900	29,450	29,500	3,343	3,149	3,343	3,260
23,500	23,550	2,629	2,435	2,629	2,546	26,500	26,550	2,989	2,795	2,989	2,906	29,500	29,550	3,349	3,155	3,349	3,266
23,550	23,600	2,635	2,441	2,635	2,552	26,550	26,600	2,995	2,801	2,995	2,912	29,550	29,600	3,355	3,161	3,355	3,272
23,600	23,650	2,641	2,447	2,641	2,558	26,600	26,650	3,001	2,807	3,001	2,918	29,600	29,650	3,361	3,167	3,361	3,278
23,650	23,700	2,647	2,453	2,647	2,564	26,650	26,700	3,007	2,813	3,007	2,924	29,650	29,700	3,367	3,173	3,367	3,284
23,700	23,750	2,653	2,459	2,653	2,570	26,700	26,750	3,013	2,819	3,013	2,930	29,700	29,750	3,373	3,179	3,373	3,290
23,750	23,800	2,659	2,465	2,659	2,576	26,750	26,800	3,019	2,825	3,019	2,936	29,750	29,800	3,379	3,185	3,379	3,296
23,800	23,850	2,665	2,471	2,665	2,582	26,800	26,850	3,025	2,831	3,025	2,942	29,800	29,850	3,385	3,191	3,385	3,302
23,850	23,900	2,671	2,477	2,671	2,588	26,850	26,900	3,031	2,837	3,031	2,948	29,850	29,900	3,391	3,197	3,391	3,308
23,900	23,950	2,677															



Project 4 Activity: Income Taxes

Handout 4E: Income Taxes Essay

In a one- to two-page reflective essay, typed and double-spaced, answer the following questions. Make sure you proof the essay for grammar and word usage mistakes.

- Have you filed taxes before? If so, did you complete the forms or did you have someone do it for you?
- What thoughts do you have on the process? Did you find it difficult?
- After reading the text and class discussion, what are some ways you can keep more of your income?
- After learning about taxes in class, will you complete your taxes in the future?



Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 5: Creating a Budget

Lesson Author

Julie Kornegay

Activity Description

Budgeting is an approach to allocating financial resources to maximize the satisfaction one gets from life.

Objectives

Even if students don't have a full-time job, they still have spending power. In this lesson, students will:

- Distinguish between fixed and variable expenses as well as planned and unplanned expenses
- Analyze expenses
- Develop a budget
- Evaluate how well a budget is kept based on expenses and income for a one-month period

Essential Question

What is my plan for sensible spending based on my income?

Assignment Materials

Students should use the handouts and spreadsheets provided.

Assignment Length

One month

Author's Notes

- Once students have completed the expense-tracking project, they will need to begin to create their budget. When you hand out the daily budget-tracking worksheet (Student Handout 5C), they tend to complain. I am a little more flexible the second go-round. I will not check their worksheet, but they will need to complete the Excel spreadsheet with the evaluating budget target worksheet (Student Handout 5B) and their budget tracking worksheet (Student Handout 5E).
- Expense categories and totals should be carried over from the Project 1 Expense Tracking piece (Student Handout 1C). Have students review these costs and see if they need to be revised. If so, have them put the new dollar amount in the revised amount column (in Student Handout 5B). If they have revised the dollar amount, they need to create a strategy for how they will make the new number work. For example, I will make coffee at home instead of stopping at a coffee shop. It is very interesting to hear the feedback of how they develop their strategies. One student informed me she was going to bring her lunch to school to offset what she was spending eating out.
- These pieces work together to help students understand where they are spending money, identify if there are areas they should cut back, and incorporate their prioritized financial goals from Project 2 into their budget. They may realize that they don't have enough in their budget to meet their expenses. They will then need to make hard choices or reallocate funds.



Project 5 Assessment: Creating a Budget Rubric

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student completed their budget form. (plus 10)	
The student attempted to complete the form but they were not thorough. (plus 5)	
The student did not attempt. (0 points)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage, and spelling. The essay is generally free from errors. (plus 6)	
The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 4)	
The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 2)	
The essay answered all questions thoughtfully. The essay contains details that support the author's responses. (plus 4)	
The essay answered most questions but lacked detail. (plus 3)	
The essay was vague and lacked detail. (plus 1)	
Total	



Project 5 Overview: Creating a Budget

Handout 5A: What Is My Plan for Sensible Spending Based on My Income?

Budgeting is an approach to allocating financial resources to maximize the satisfaction one gets from life. Even if you don't have a full-time job, you still have spending power. In this assignment, you will:

- Distinguish between fixed and variable expenses as well as planned and unplanned expenses
- Analyze your expenses, create spending targets, and develop a strategy to reach targets
- Evaluate how well a budget is kept based on expenses and income for one month
- Establish a sensible spending plan to meet financial plans and achieve goals

Now that you have completed tracking your expenses, you can start to develop your budget.

A budget is a document used to record both planned and unplanned expenses and income over a period of time. Your budget represents the major mechanism through which your financial plans are carried out and goals are achieved.

Assignment Instructions

- Using the monthly expense totals from the expense-tracking project (Student Handout 1C), record your total expenses in the Evaluating Your Budget Target worksheet (Student Handout 5B).
- Review the variable expenses to see if you have spent too much or too little in each category. After reviewing each category, determine a dollar amount to target. In the next column, indicate strategies you will use to reach your target spending. For example, you could spend less on gas by consolidating errands. You could also shop around for car and renter's insurance if you feel that you are paying too much.
- Once you have determined a spending target for each category, key them into the **Target** column of the Budget Tracking Worksheet (Student Handout 5E).
- Track your expenses for another month to see if the targets are inline with spending. Use the worksheet provided (Student Handout 5C) to track daily expenses, then update your Budget Tracking Worksheet (5E) weekly. At the end of the four weeks, you will need to determine if you had a surplus or deficit in your spending targets.
- You may need to adjust your targets for the next budgeting cycle until you have reached a sensible spending plan.
- Once you have completed the budget project, complete the reflective essay (Student Handout 5F) and determine if you have created a sensible plan for spending.



Project 5 Activity: Creating a Budget

Handout 5B: Evaluating Your Budget Target Worksheet

Use the totals from the 30-day expense-tracking exercise in Project 1 to fill in the “Monthly Total” column.

Expense Categories	Monthly Total	Monthly Target	Strategy to Reach Revised Target
Groceries			
Dining Out			
Gas			
Entertainment			
Car Payment			
Car Repair			
Car Insurance			
Gifts			
Rent			
Renters Insurance			
Health Insurance			
Utilities			
School			
Clothing			
Cell Phone			
Credit Cards			
Loans			
Pet Expenses			
Savings			
Hair/Nails			
Fees or Dues			
Other			
Total			

Making Finance Personal: Project 5: Creating a Budget (Updated 2020)

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Project 5 Activity

Handout 5C: 30-Day Expense Tracking Worksheet

Possible Expense Categories

Groceries • Dining Out • Gas • Entertainment • Car Payment • Car Repair • Car Insurance • Gifts • Rent • Renters Insurance • Health Insurance • Utilities • School • Clothing • Cell Phone • Credit Cards • Loans • Pet Expenses • Savings • Hair/Nails • Fees or Dues • Other

Day 1

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 2

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 3

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 4

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 5

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 6

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



Project 5 Activity

Handout 5C: 30-Day Expense Tracking Worksheet (Continued)

Day 7

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 8

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 9

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 10

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 11

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 12

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 13

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 14

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 15

Expense Name _____ Amount _____

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



Project 5 Activity

Handout 5C: 30-Day Expense Tracking Worksheet (Continued)

Day 16

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 17

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 18

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 19

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 20

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 21

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 22

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 23

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Day 24

Expense Name Amount

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



Project 5 Activity

Handout 5C: 30-Day Expense Tracking Worksheet (Continued)

Day 25

Expense Name	Amount
--------------	--------

Day 26

Expense Name	Amount
--------------	--------

Day 27

Expense Name	Amount
--------------	--------

Day 28

Expense Name	Amount
--------------	--------

Day 29

Expense Name	Amount
--------------	--------

Day 30

Expense Name	Amount
--------------	--------



Project 5 Activity

Handout 5D: 30-Day Expense Totals Worksheet

Groceries	\$ _____	Cell Phone	\$ _____
Dining Out	\$ _____	Credit Cards	\$ _____
Gas	\$ _____	Loans	\$ _____
Entertainment	\$ _____	Pet Expenses	\$ _____
Car Payment	\$ _____	Savings	\$ _____
Car Repair	\$ _____	Hair/Nails	\$ _____
Car Insurance	\$ _____	Fees or Dues	\$ _____
Gifts	\$ _____	Other	\$ _____
Rent	\$ _____		\$ _____
Renters Insurance	\$ _____		\$ _____
Health Insurance	\$ _____		\$ _____
Utilities	\$ _____		\$ _____
School	\$ _____		
Clothing	\$ _____	Total	\$ _____



Project 5 Activity

Handout 5E: 30-Day Budget Tracking Working

Expense Categories	Week 1	Week 2	Week 3	Week 4	Total	Target	Surplus/Deficit
Groceries							
Dining Out							
Gas							
Entertainment							
Car Payment							
Car Repair							
Car Insurance							
Gifts							
Rent							
Renters Insurance							
Health Insurance							
Utilities							
School							
Clothing							
Credit Cards							
Loans							
Pet Expenses							
Savings							
Hair/Nails							
Fees or Dues							
Other							
Total Expenses							
Total Income							



Project 5 Activity

Handout 5F: Creating a Budget Essay

In a one- to two-page reflective essay, typed and double-spaced, answer the following questions. Make sure you proof the essay for grammar and word usage mistakes.

- After the second month of tracking expenses, did you make any changes to your spending habits?
- Were there areas that you spent too much money? How do you plan to compensate for that in the future?
- Do you feel that you have developed a plan for sensible spending that you can stick with?
- Were you able to work your financial goals into your budget? Did you have to make any compromises?



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Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 6: Credit Report

Lesson Author

Julie Kornegay

Activity Description

Checking and understanding your credit report is a vital part of your personal financial strategy.

Objectives

In this lesson, students will:

- Identify the three credit-reporting agencies
- Request a copy of your Experian* credit report at www.annualcreditreport.com.
- Identify features on a credit report
- Review your credit report and investigate any questions or concerns

Essential Question

What does my credit report say about me?

Assignment Materials

Students will need a computer with Internet access and a printer to request their free credit report.

Assignment Length

One week

Author's Notes

- It is fairly common for students to be hesitant about this project. Most students are misinformed about hard and soft inquiries on their credit. When you request your credit report, it is considered a soft inquiry and it does not hurt your credit score. I typically stress that several times.
- I provide a sample credit report for students who choose to not complete the assignment:
<http://bit.ly/experian-sample-credit-report>
- I also recommend that students make a copy of the credit report and black out any sensitive information before they bring it to class.
- If the student has never applied for credit, they may get a message that requires written documentation before they will release the credit report. This is to protect from identity theft. Have students print or take a screen shot of the message and bring it to class. I encourage students to go ahead and submit the written request. They will need more time because it has to be mailed. I just tell them to bring it in for credit when they receive it.
- You may also have trouble if a student is here from another country and they haven't established credit. They won't have a social security card. I typically have those students follow along with the sample credit report. They will need to complete the alternative assignment.

* Experian is a registered trademark of Experian Information Solutions, Inc.



Project 6 Assessment: Credit Report Rubric

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student successfully pulled their credit report. (plus 20)	
The student did pull a credit report, but it was the wrong one. (plus 10)	
The student did not attempt. (0 points)	
The assignment was late. (loss of one point per day)	
Total	



Project 6 Overview: Credit Report

Handout 6A: What Does My Credit Report Say About Me?

Checking and understanding your credit report is a vital part of your personal financial strategy. In this assignment, you will:

- Identify the three credit reporting agencies
- Request a copy of your free Experian credit report at www.annualcreditreport.com
- Review and evaluate the content of a credit report
- Evaluate your credit report and identify any questions or concerns

A credit report is a record of your credit history that includes information about your identity, existing credit, public records, and credit inquiries. Credit bureaus get information from your creditors, such as banks, credit card issuers, or auto finance companies. They also get information about you from public records, such as property or court records. Each credit bureau gets its information from different sources, so the information in one report may not be the same as the information in another.

Your credit report is important because lenders, insurers, employers, and others may obtain your credit report from credit bureaus to assess how you manage financial responsibilities. There are three major credit-reporting bureaus: Equifax, Experian, and TransUnion.



Project 6 Activity: Credit Report

Handout 6B: Requesting Your Credit Report

Go online to www.annualcreditreport.com and request a copy of your **Experian** credit report.

Notes

- While the [annualcreditreport.com](http://www.annualcreditreport.com) website is secure, you should avoid accessing it on a public computer or over an unsecured wireless (Wi-Fi) internet connection, because of the sensitive, personally identifiable information (such as your social security number) that the site will ask you to provide.
- Requesting your free annual credit report will **not** affect your credit rating.
- During the request process, you'll be asked to answer a number of identity verification questions. This can be a little tricky; so, it may help to have access to your financial records.
- To receive credit for the assignment, you'll need to print a copy of your report. However, you don't have to bring your entire report to class. You can bring just the first page, which doesn't include any sensitive personal identification or financial information.
- We will discuss the components of a credit report in class. You can bring your copy or I will have a sample you can review.
- If you have never applied for credit, you may get a message that requires you to submit written documentation before Experian will release your credit report. This is to protect from identity theft. You will need to print the message and bring it to class with you. **Bringing the printed copy of the message will keep you from getting a zero for the assignment.** You will have the option of an alternative assignment in the insurance portion of the course, or you can request that Experian send a copy in the mail to you.

Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 7: Purchasing a Vehicle

Lesson Author

Julie Kornegay

Activity Description

Through this assignment students will gain a better understanding of the car-buying process and the components that affect monthly payments. We will compare the purchase of a new car, used car, and a lease.

Objectives

Purchasing a vehicle can greatly affect students' financial situations. In this lesson, students will:

- Define the terms associated with buying a car (including leasing, buying new, and buying used)
- Research used car values
- Identify the factors that affect the total price for a car (including the interest rate, the length of a contract, and the size of a down payment)
- Evaluate the costs and benefits of car purchase options

Essential Question

What is my best option for buying a vehicle?

Assignment Materials

Students may use all legitimate resources to complete the lesson.

Assignment Length

One week

Author's Notes

- During class, I walk students through the “build a car” process on VW.com, examining both purchase and lease options, as well as looking at the same model, used, through autotrader.com. As we go, we discuss whether monthly payments seem reasonable, the pros and cons of changing the payment term, the impact of credit ratings on interest rates, how down payment amounts affect monthly payments, the basics of leasing agreements, and the importance of examining warranties for all purchases.
- This take-home car-building exercise is a fun activity for the students. I let them pick any car that they can readily find information about online.
- When checking the assignment, I typically make sure they have included all components. I don't judge what type of car they researched. Much of this is part of the learning process when deciding how much car to buy.
- I really enjoy reading the essays. Students have very strong feelings about what type of car they would like. Many feel it is an extension of their identity; some have brand loyalty; others only think of utility. Regardless, they are always entertaining.



As a general rule, textbooks suggest that leasing an automobile is the least advantageous method of acquiring a vehicle. There are some compelling arguments that students come up with when arguing their point. I had a foreign student that was planning to be here for three years. He argued that he could put a little money down and have a low monthly payment. He also wouldn't have to worry about dependability and could turn it in to the dealership when he was ready to return home. The bottom line is that this activity has them working with online calculators to compare and contrast what options they have when looking to purchase a vehicle. This research will help them better prepare for their first experience with a car dealership.



Project 7 Assessment: Purchasing a Vehicle Rubric

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student completed the car worksheet. (plus 10)	
The student attempted to complete the form but they were not thorough. (plus 5)	
The student did not attempt. (0 points)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage and spelling. The essay is generally free from errors. (plus 6)	
The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 4)	
The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 2)	
The essay answered all questions thoughtfully. The essay contains details that support the author's responses. (plus 4)	
The essay answered most questions but lacked detail. (plus 3) The essay was vague and lacked detail. (plus 1)	
Total	



Project 7 Overview: Setting Financial Goals

Handout 7A: What is My Best Option for Purchasing a Vehicle?

Purchasing a vehicle can greatly affect your financial situation. In this lesson, you will:

- Define the terms associated with buying a car (including leasing, buying new, and buying used)
- Research used-car values
- Identify the factors that affect the total price for a car (including the interest rate, the length of a contract, and the size of a down payment)
- Evaluate the costs and benefits of car-purchase options

Through this assignment you will gain a better understanding of the car-buying process and the components that affect your monthly payments. We will compare the purchase of a new car, used car, and a lease.

Assignment Instructions

- Is there a new car or truck you have dreamed about owning? Now is your chance to see how much it would cost.
- For this assignment, you will need internet access and the Buying a Car worksheet (Student Handout 7B)
- First, choose a car or truck, then build and price a new model with varying terms and interest rates. Print out a fact sheet or brochure, if available, about your selected new car.
- Next you'll look at a used model, including certified used models and leasing options. You'll also review warranty information on the vehicle. Print out a fact sheet or brochure, if available, about your selected used car.
- After completing the worksheet, summarize the activity in a reflective essay that includes your conclusion about which vehicle-purchasing option is best for you.
- Be careful about providing your email address or other contact information to auto dealerships, whose sales staff may contact you repeatedly.
- Remember that this assignment is hypothetical. Relax and have fun.



Project 7 Activity: Purchasing a Vehicle

Handout 7B: Purchasing a Vehicle Worksheet

1. Build and price a new car of your choice (something other than the car your instructor demonstrated in class).
 - a. Calculate your monthly payment for a five-year term, 5% expected APR, with a \$10,000 down payment.
 - b. What happens to your payment if you decrease your term to three years?
 - c. You lost your savings and can no longer afford to put money down on the car. The day worsens when the dealership informs you that your credit rating is less than ideal, and your expected APR is 18%. How does this affect your monthly payment for a three-year term?
 - d. Multiply your monthly payments by the amount of months in the term to determine the total price you will have paid for the car. How much more are you paying for the car in comparison to the selling price?



Project 7 Activity: Purchasing a Vehicle

Handout 7B: Purchasing a Vehicle Worksheet (Continued)

2. Visit a website that sells used cars (e.g., www.AutoTrader.com) to see how much the used version of the car you selected earlier cost. Use that price for the following questions
 - a. Using the used car price, calculate your monthly payments for a five-year term, 5% expected APR, with \$10,000 down. Compare the payments to that of a new car.
 - b. Once again, you cannot afford to put any money down on the car and the dealer informs you your poor credit results in an 18% APR. How does this affect your monthly payment for a three-year term?
 - c. Multiply your monthly payments by the amount of months in the term to determine the total price you will have paid for the car. How much more are you paying for the car in comparison to the selling price?



Project 7 Activity: Purchasing a Vehicle

Handout 7B: Purchasing a Vehicle Worksheet (Continued)

3. Find a leasing deal for a car other than the car your instructor used as an example in class.
 - a. State the terms of the lease.
 - b. Calculate how many miles you drive per month. Use that number to estimate the amount of miles you drive yearly. Is the allotted mileage for this lease a viable option for you? Explain.
 - c. If you stated you drive more than 1,000 miles every month, calculate the mileage overage fees you would incur based on the additional per mile cost stated in the lease.
 - d. Calculate how much you will have paid for the car after the 3 years including the money due at signing.
4. What is a certified used car?
5. What type of warranty does the company offer? What is covered and for how long? Is maintenance included?
 - a. New car
 - b. Certified used



Project 7 Activity: Purchasing a Vehicle

Handout 7C: Purchasing a Vehicle Essay

In a one- to two-page reflective essay, typed and double-spaced, answer the following questions. Make sure you proof the essay for grammar and word usage mistakes.

- Have you purchased a vehicle before? If so, do you have any regrets about the experience?
- After completing the worksheet, do you feel more confident about researching a vehicle?
- Now that you have gone through this exercise, if you were in the market for a car or truck, which option would you choose: buying new, used, or leasing? Explain how this choice will benefit you financially in the future.



Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 8: Saving and Investing for the Long Term

Lesson Author

Julie Kornegay

Activity Description

Building wealth over the long term requires an understanding of investment strategies to reach your goals.

Objectives

In this lesson, students will:

- Learn the importance of beginning to invest at an early age and continuing throughout their careers
- Understand various strategies for investing
- Understand the tools available for evaluating stocks as potential investments
- Weigh risks and rewards associated with equity investing

Essential Question

How should I invest my money?

Assignment Materials

Students will need a computer, printer, and internet access.

Assignment Length

One month

Author's Notes

- I use Market Watch's Virtual Stock Exchange (www.marketwatch.com/games) as my trading platform. There is no cost involved and there are great, self-guided resources for the students.
- You will need to create an account for your class, including a class name and password, because you will make it private. Students will make note of the name of the game and the password on Student Handout 8A (Step 5).
- I have used Virtual Stock Exchange several times with predictable results. Students become very competitive toward the end. Many students will buy and sell feverishly the last week. It was an interesting class discussion the day that Apple's stock value fell and stocks tumbled. Students were required to sell all stocks on the last day. They were begging for extra time to recover from the losses.
- I typically pull up the game in the instructor's view in the first few minutes of class during the month and see how everyone is doing. We talk about what is going on in business and why it is important to keep up with the news while investing.



- I review the instructor's page before class to see who has been working with their portfolio. If I see students who haven't been active, I often make a point to talk with them about any issues they may be having. I have also sent out emails to the class with stock tips and news clips. My hope is to expose students to the stock market and help them learn to identify the potential for gains and risk of losses when investing in stocks. If you have the opportunity, you can discuss the business cycle and the impact of fluctuation on investments.

The student did not follow directions. (minus 2)	
The student successfully set up a portfolio and made the required trades. (plus 10)	
The student set up a portfolio but did not complete it as assigned. (plus 5)	
The student did not attempt to set up a portfolio. (0 points)	
The research project answered all questions thoughtfully. (plus 6)	
The research project answered most questions but lacked detail. (plus 4)	
The research project was vague and lacked detail. (plus 2)	
The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage, and spelling. The essay is generally free from errors. (plus 4)	
The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 3)	
The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 1)	
Total	

Please note that your grade will **not** be based on how your "investments" perform, that is, whether or not you make money. Four weeks is a brief time in the life of the stock market; the purpose of the game is to develop an understanding of how the market operates and how investing is accomplished. However, extra credit will be awarded to the top two earners in the class, provided they have met all of the above criteria.



Project 8 Overview: Saving and Investing

Handout 8A: How Should I Invest My Money?

Building wealth over the long term requires an understanding of investment strategies to reach your goals. In this assignment, you will:

- Learn the importance of beginning to invest at an early age and continuing throughout your work career
- Understand various strategies for investing
- Understand the tools available for evaluating stocks as potential investments
- Weigh risks and rewards associated with equity investing

Assignment Instructions

We will be playing a stock market game for approximately one month. Below are the procedures of the game, which you should read carefully. Failure to meet all the requirements of the game will negatively affect your grade on the project.

During the one-month period, we will examine a stock page, the meaning of various tools that are used to analyze stocks, and various strategies for investing.

Procedures

1. You will be given a hypothetical \$1 million to invest in stocks.
2. You must invest in at least five companies.
3. You must research at least one of the five companies, providing a one-page overview. Be sure to include the following components:
 - A company profile, that is, its history and what it produces
 - Relevant financial information, such as total sales, total profits, dividends, price-to-earnings (P/E) ratio, number of outstanding shares, and recent stock performance
 - Why you selected this company as a “buy”
4. You will be required to make at least two trades during the game. These trades may be either a simple sale of one stock and the purchase of another in the same value, or a partial sale of one to acquire a new holding or more of an existing holding. At all times, you must own at least **five** stocks to simulate a “diversified” portfolio, as most investment counselors and brokers recommend.
5. Your instructor will give you a class name and password that will allow you to set up and access your online portfolio. Note them here:
 - Class name: _____
 - Password: _____



6. To set up your online portfolio:
 - Go to: www.marketwatch.com/games.
 - Click the **Find Game** tab. Search for the name of your classroom's game.
 - Enter the classroom password.
 - Join the game.
 - Click on the settings tab to review the game rules.
7. To start purchasing stock, enter the name of a company or a company's stock symbol in the **Symbol Search/Trade** box.
8. Click **See Quote** to research information about the company's stock you wish to buy or short sell.
9. You will track your stocks weekly, recording the results in your transaction register.
10. On the last day of trading, liquidate all stocks and print a copy of your account balance.

Note: We will NOT be investing in mutual funds, preferred stocks, bonds, bond funds, or any of a number of other possible investment vehicles. For the sake of simplicity and uniformity, we will only invest in common stocks.



Project 8 Activity: Stocks Transaction Register

Name: _____

Date: _____

Company	Stock Symbol	Total Amount I Want to Invest in This Company	Current Stock Price	# of Shares I Am Buying (rounded down to the nearest 10th)
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

Note: You must buy stock in **at least five** companies. You can buy up to 10 stocks if you want to further diversify your portfolio.



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Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 9: Important Financial Documents

Lesson Author

Julie Kornegay

Activity Description

The likelihood that students and their families will recover from an emergency tomorrow often depends on the planning and preparation done today. In this lesson, students will:

- Evaluate personal needs
- Identify resources to develop a plan
- Identify types of documents that are important
- Construct a binder with important documents

Essential Question

Am I financially prepared for an emergency?

Assignment Materials

Students may use whatever they feel is necessary to complete the project.

Assignment Length

One month

Author's Notes

- I typically find that I need to give the students about a month to complete this project. Many times students will need to discuss the project with their parents and work with them to locate the documents.
- You can modify the documents that you require. My students are in college so their lists may look different from high school students' lists. High school students may want to focus on what documents they will need to apply for college or move into their first apartment.
- I typically pair this project with Katrina's Classroom: Financial Lessons from a Hurricane's Module 2 video (<http://bit.ly/in-the-aftermath>). This piece does a really nice job of illustrating why it is important to have your important documents ready for an emergency.
- I have students include a copy of the important documents in their binder. When they bring the binder in at the end of the semester, they can just mark out any important information on the copies.

Project 9 Assessment: Important Financial Documents Rubric

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
<p>The essay was well written. The essay displays clear facility in the use of grammar, mechanics, usage, and spelling. The essay is generally free from errors. (plus 3)</p> <p>The essay contained a few mistakes. The essay displays facility in the use of grammar, mechanics, usage, and spelling, though it may contain errors. However, these errors do not overly detract from the overall success of the message. (plus 2)</p> <p>The essay contained many mistakes. The essay displays serious deficiencies in the use of grammar, mechanics, usage, and spelling. The essay contains an accumulation of serious errors in any and/or all these areas. (plus 1)</p>	
<p>The essay answered all questions thoughtfully. The essay contains details that support the author's responses. (plus 3)</p> <p>The essay answered most questions but lacked detail. (plus 2)</p> <p>The essay was vague and lacked detail. (plus 1)</p>	
Total number of documents included in binder. (plus 1 for each, up to 10)	
The assignment was late. (loss of 1 point per day)	
Total	



Project 9 Overview: Important Financial Documents

Handout 9A: Am I Financially Prepared for an Emergency?

The likelihood that you and your family will recover from an emergency tomorrow often depends on the planning and preparation done today. In this lesson, you will:

- Evaluate your personal preparation needs
- Identify resources to develop a plan
- Create a basic emergency plan
- Identify types of documents that are important
- Organize a binder with important documents and information

Part of having a financial plan is to identify the hazards that have happened or could happen in your area and plan for the unique actions for each.

What are some hazards we should be prepared for in your area?

Share the hazard-specific information with family members and include pertinent materials in your family disaster plan.

Determine where you will meet or whom you will contact if a crisis does occur.



Project 9 Overview: Important Financial Documents

Handout 9A: Am I Financially Prepared for an Emergency? (Continued)

What three things would you grab if you had to go to a place of safety or evacuate quickly?

There are several options for storing your important documents. You can use your binder or a password-protected area in the cloud or a USB drive that you can keep readily available. This USB drive can be kept on a key ring so it can be accessed from any computer, anytime, anywhere. Remember important documents, such as:

- Personal and property insurance
- Identification: driver's license/passport (for family members, as well)
- Banking information

Don't forget your pets!

- Store your pet's veterinary medical records online.
- Consider having your pet tagged with an identity microchip.
- Keep a current photo of your pet in your online kit to aid in identification if you are separated. Your family may not be together when disaster strikes, so it is important to plan in advance.
- Create a Family Emergency Communications Plan (www.ready.gov/sites/default/files/documents/files/Family_Emergency_Plan.pdf) to record how you will contact one another, how you will get back together, and what you will do in different situations.

Make sure to share these documents with family members, friends, and coworkers who may also need to access them in an emergency or crisis. Note: When handling personal and sensitive information, always keep your data private and share it only with those who need access in case of emergency.



Project 9 Overview: Important Financial Documents

Handout 9A: Am I Financially Prepared for an Emergency? (Continued)

Personal Documents

Personal and financial documents can help you reestablish yourself if you experience a disaster. It is important to have a copy of this information in a safe place. Using the list below, gather at least 10 documents and place them in your binder. I suggest that you make copies of the originals and mark out any information you feel is sensitive.

1. _____ Birth certificate
2. _____ Personal identification (driver's license or school identification)
3. _____ Social security card
4. _____ Immunization records
5. _____ Report card or transcripts
6. _____ Health insurance information
7. _____ Banking information (checking or savings account)
8. _____ ACT/SAT standardized test scores

Substitution Documents

1. _____ Recent pay stubs
2. _____ Proof of auto insurance
3. _____ Vehicle registration
4. _____ Tax documents
5. _____ College application information
6. _____ FAFSA (Free Application for Federal Student Aid)
7. _____ Student loan information
8. _____ Medical records or prescription information
9. _____ Copy of lease or rental agreement



Project 9 Activity: Important Financial Documents

Handout 9B: Important Financial Documents Essay

In a one- to two-page reflective essay, typed and double-spaced, answer the following questions. Make sure you proof the essay for grammar and word usage mistakes.

- Describe whether or not you were successful in gathering all of the documents listed.
- If not, what did you have difficulty locating?
- How long did it take you to locate the information?
- Did you put anything in your binder that wasn't on the list?
- Was there anything that surprised you during this process?
- Do you feel more prepared for an emergency? Explain your response.

Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 10: Retirement Planning

Lesson Author

Julie Kornegay

Activity Description

Retirement is the time in life when the major sources of income change from earned income to employer-based retirement benefits, private savings and investments, Social Security, and so forth. As students begin their working phase of life, they should start planning for a comfortable retirement.

Objectives

In this lesson, students will:

- Examine the need to start saving early
- Calculate how much money they will need for retirement
- Identify sources of retirement income
- Create a strategy for saving for retirement

Essential Question

How much money will I need to retire?

Assignment Materials

Students will need a computer, printer, and access to the internet.

Assignment Length

One week

Author's Notes

- This is one of my favorite projects to go through with the students. It does a nice job of making saving for retirement relevant. It also illustrates how easy this can be if you start saving early and often.
- Read through the sample Social Security statement with the students. Make sure they understand the vocabulary and how credits are earned. You will get feedback on whether or not students feel Social Security will be around when they get ready to retire. I typically respond that, for the purposes of this project, we are going to assume that it will be funded at today's levels.
- Many experts suggest that saving for retirement requires a three-legged stool approach.



- You must determine how much money you need in retirement:
 - How much will Social Security contribute monthly?
 - How much will your employer-based retirement benefits contribute monthly?
 - How much will you need to save of your disposable income for retirement?
- I typically walk them through the calculators during class and let them work independently to determine their specific numbers.



Project 10 Assessment: Saving and Investing Rubric

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
The student completed the Social Security piece. (plus 6)	
The student did not attempt to complete the piece. (0 points)	
The student completed the What's Your Number worksheet. (plus 6)	
The student did not attempt to complete the worksheet. (plus 0)	
The student completed the retirement income calculator. (plus 6)	
The student did not attempt to complete the retirement income calculator. (plus 0)	
The student completed the Three-Legged Stool worksheet. (plus 2)	
The student did not attempt to complete the worksheet. (plus 0)	
Total	



Project 10 Overview: Retirement Planning

Handout 10A: How Much Money Will I Need to Retire?

Retirement is the time in life when the major sources of income change from earned income to employer-based retirement benefits, private savings and investments, Social Security, and so forth. In this lesson, you will:

- Examine the need to start saving early
- Calculate how much money you will need for retirement
- Identify the sources of retirement income
- Create a strategy for saving for retirement

As you begin your working phase of life, it is a good idea to start planning what you will need to be comfortable during retirement. You will need to start thinking about the following questions:

1. What age do I want to retire?
2. How long do I anticipate living past retirement?
3. What type of lifestyle do I want in retirement?
4. How much money will I need to maintain that lifestyle?



Project 10 Activity: Retirement Planning Exercise

Handout 10B

Step 1: Estimate your Social Security benefits

Using the Social Security Administration's website, www.ssa.gov/retire2, familiarize yourself with the rules surrounding collecting Social Security benefits. Determine what age you would like to retire and what your life expectancy might be. If you are currently working or have worked in the past, you can access your personal information by creating an account.

Use this link to open an account and print your benefits statement:

<https://secure.ssa.gov/RIL/SiView.do>.

If you have not had a job or do not have a Social Security number, use this link to access a sample Social Security benefits statement: <https://bit.ly/3tmsPf5>.

Understanding how much you will receive in Social Security benefits is the first step in planning for your financial future during retirement.

_____ Estimated Monthly Income

_____ Estimated Yearly Income

Step 2: Find your number

Access the retirement calculator here: https://www.aarp.org/work/retirement/planning/retirement_calculator.html

- Click Start Now.
- Enter your age. Do not include a partner or spouse.
- Enter the average income for the career path you have chosen. For example, if you want to go into accounting, you could use the following link to see what the national average is: www.payscale.com/rc-search.aspx?category=Job&str=accounting&CountryName=United+States&SourceId=Country.
- If you have a different career path, type the job title in the box to the left.
- Complete the information for your current savings, including whether you expect to receive a pension. Most private companies no longer provide a pension.
- If you have a Social Security account and know your estimated benefits, enter that amount. If not, choose "view your estimated benefit" and allow the calculator to estimate it for you.
- Complete the lifestyle questions.
- View Step 2, "Your Retirement Income." Print out the page with your retirement graph.



Step 3: Retirement income calculator

Now that you know what you need for retirement, it is important to understand how you will reach such a large number. Use the following link and complete the questions. <https://www.troweprice.com/usis/advice/tools/retirement-income-calculator>

- Do not hit register or log in. Go directly to **Start without Saving**.
- Complete the personal information section. Enter your name, gender, date of birth, and employment status. For this exercise, we will assume that you are employed. This assignment is to be completed as an individual. Do not include a partner or spouse.
- Enter your state of residence.
- Click continue and enter your employment status (employed) and income. If you aren't working, enter the average salary for your chosen career (determined in Step 2, above).
- Click "yes" for Social Security eligibility.
- In the next two boxes, enter any expected pension income or monthly income that you expect to receive in retirement (besides Social Security).
- Fill in your state of residence in retirement.
- Under "Your Retirement Savings," enter how much you have saved for retirement. If you don't have a retirement account, indicate zero.
- If you are currently working, enter your correct information into the workplace contributions spaces. If you are not working, assume that you contribute 5 percent and your employer matches your 5 percent contribution for a total of 10 percent. You do not have to fill in the annual amount of contributions (next box).
- For asset allocation, click the second option, "moderate."
- Leave "list other cash you expect to receive if it applies" blank. Click **next**.
- Review the results and print the page. The amount calculated as "living expenses" gives you an estimate of how much money you will need annually for retirement.

You will need to turn in the Social Security benefits sheet, your retirement graph (How Much You Need to Retire printout), and the Retirement Income Calculator printout with your Three-Legged Stool worksheet.

- Be prepared to discuss how you felt about this process.



Project 10 Activity

Handout 10C: Three-Legged Stool Worksheet

Planning for retirement is a three-legged stool.

Insert the dollar amount from the retirement calculator.

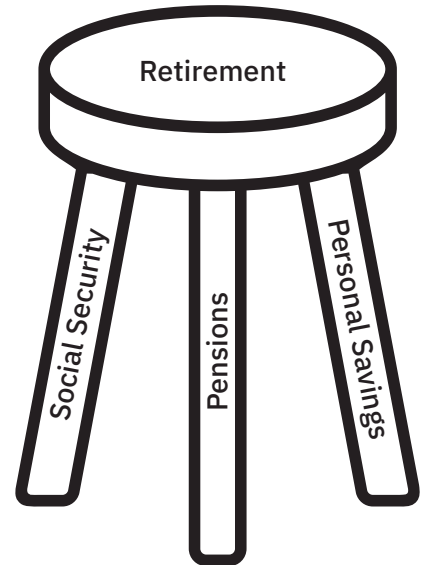
How much will you need per month?

What are your monthly Social Security contributions?

How much are your employer benefits contributions per month?

What do you plan to contribute from personal savings each month?

Will you have enough money to retire at the age you chose?





Project 10 Additional Resources

Handout 10D: Sample Social Security Statement



Your payment would be about
\$2,061 a month
at full retirement age

WANDA WORKER
456 ANYWHERE AVENUE
MAINTOWN, USA 11111-1111

January 2, 2021

Your Social Security Statement

Are you thinking about retirement? Are you ready for retirement?

We have tools that can help you!

- Estimate your future retirement benefits at [socialsecurity.gov/estimator](https://www.socialsecurity.gov/estimator)
- Apply for retirement, spouse's, Medicare, or disability benefits at [socialsecurity.gov/applyforbenefits](https://www.socialsecurity.gov/applyforbenefits)
- And once you receive benefits, manage your benefits at myaccount.socialsecurity.gov

Your *Social Security Statement* tells you about **how much you or your family would receive** in disability, survivor, or retirement benefits. It also includes our record of your lifetime earnings. Check out your earnings history, and **let us know right away if you find an error**. This is important because we base your benefits on our record of your lifetime earnings.

Social Security benefits are **not intended to be your only source of income when you retire**. On average, Social Security will replace about

To view your *Social Security Statement* online anytime create a **my Social Security** account today!



my Social Security
myaccount.socialsecurity.gov

40 percent of your annual pre-retirement earnings. You will need other savings, investments, pensions, or retirement accounts to live comfortably when you retire.

To see your *Statement* online anytime, create a **my Social Security** account at myaccount.socialsecurity.gov.

Social Security Administration

Follow the Social Security Administration at these social media sites.





Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until...	
	your full retirement age (67 years), your payment would be about.....	\$ 2,061 a month
	age 70, your payment would be about	\$ 2,561 a month
	age 62, your payment would be about	\$ 1,426 a month
*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about.....	\$ 2,027 a month
*Family	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
*Survivors	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits:	
	Your child.....	\$ 1,520 a month
	Your spouse who is caring for your child.....	\$ 1,520 a month
	Your spouse, if benefits start at full retirement age.....	\$ 2,027 a month
	Total family benefits cannot be more than	\$ 3,700 a month
	Your spouse or minor child may be eligible for a special one-time death benefit of \$255.	
Medicare	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.	
	* Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2035, the payroll taxes collected will be enough to pay only about 80 percent of scheduled benefits.	
	We based your benefit estimates on these facts:	
	Your date of birth (please verify your name on page 1 and this date of birth).....	April 5, 1961
	Your estimated taxable earnings per year after 2018	\$52,769
	Your Social Security number (only the last four digits are shown to help prevent identity theft).....	XXX-XX-1234

How Your Benefits Are Estimated

To qualify for benefits, you earn “credits” through your work — up to four each year. This year, for example, you earn one credit for each \$1,470 of wages or self-employment income. When you’ve earned \$5,880, you’ve earned your four credits for the year. Most people need 40 credits, earned over their working lifetime, to receive retirement benefits. For disability and survivors benefits, young people need fewer credits to be eligible.

We checked your records to see whether you have earned enough credits to qualify for benefits. If you haven’t earned enough yet to qualify for any type of benefit, we can’t give you a benefit estimate now. If you continue to work, we’ll give you an estimate when you do qualify.

What we assumed — If you have enough work credits, we estimated your benefit amounts using your average earnings over your working lifetime. For 2021 and later (up to retirement age), we assumed you’ll continue to work and make about the same as you did in 2019 or 2020. We also included credits we assumed you earned last year and this year.

Generally, the older you are and the closer you are to retirement, the more accurate the retirement estimates will be because they are based on a longer work history with fewer uncertainties such as earnings fluctuations and future law changes. We encourage you to use our online Retirement Estimator at www.socialsecurity.gov/estimator to obtain immediate and personalized benefit estimates.

We can’t provide your actual benefit amount until you apply for benefits. And that amount may differ from the estimates stated above because:

- (1) Your earnings may increase or decrease in the future.
- (2) After you start receiving benefits, they will be adjusted for cost-of-living increases.

- (3) Your estimated benefits are based on current law. **The law governing benefit amounts may change.**

- (4) Your benefit amount may be affected by **military service, railroad employment or pensions earned through work on which you did not pay Social Security tax.** Visit www.socialsecurity.gov to learn more.

Windfall Elimination Provision (WEP) — In the future, if you receive a pension from employment in which you do not pay Social Security taxes, such as some federal, state or local government work, some nonprofit organizations or foreign employment, and you also qualify for your own Social Security retirement or disability benefit, your Social Security benefit may be reduced, but not eliminated, by WEP. The amount of the reduction, if any, depends on your earnings and number of years in jobs in which you paid Social Security taxes, and the year you are age 62 or become disabled. For more information, please see *Windfall Elimination Provision* (Publication No. 05-10045) at www.socialsecurity.gov/WEP.

Government Pension Offset (GPO) — If you receive a pension based on federal, state or local government work in which you did not pay Social Security taxes and you qualify, now or in the future, for Social Security benefits as a current or former spouse, widow or widower, you are likely to be affected by GPO. If GPO applies, your Social Security benefit will be reduced by an amount equal to two-thirds of your government pension, and could be reduced to zero. Even if your benefit is reduced to zero, you will be eligible for Medicare at age 65 on your spouse’s record. To learn more, please see *Government Pension Offset* (Publication No. 05-10007) at www.socialsecurity.gov/GPO.



Your Earnings Record

Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings	Years You Worked	Your Taxed Social Security Earnings	Your Taxed Medicare Earnings
1977	226	226	2002	35,205	35,205
1978	611	611	2003	36,391	36,391
1979	1,208	1,208	2004	38,364	38,364
1980	2,258	2,258	2005	40,041	40,041
1981	3,361	3,361	2006	42,116	42,116
1982	4,293	4,293	2007	44,208	44,208
1983	5,473	5,473	2008	45,296	45,296
1984	7,287	7,287	2009	44,665	44,665
1985	9,018	9,018	2010	45,727	45,727
1986	10,453	10,453	2011	47,176	47,176
1987	12,223	12,223	2012	48,560	48,560
1988	13,894	13,894	2013	48,911	48,911
1989	15,441	15,441	2014	50,277	50,277
1990	17,064	17,064	2015	51,550	51,550
1991	18,522	18,522	2016	51,462	51,462
1992	20,238	20,238	2017	51,990	51,990
1993	21,076	21,076	2018	52,445	52,445
1994	22,237	22,237	2019	52,769	52,769
1995	23,674	23,674	2020	Not yet recorded	
1996	25,364	25,364			
1997	27,321	27,321			
1998	29,204	29,204			
1999	31,254	31,254			
2000	33,373	33,373			
2001	34,514	34,514			

Total Social Security and Medicare taxes paid over your working career through the last year reported on the chart above:

Estimated taxes paid for Social Security:

You paid: \$73,110
Your employers paid: \$75,047

Estimated taxes paid for Medicare:

You paid: \$17,585
Your employers paid: \$17,585

Note: Currently, you and your employer each pay a 6.2 percent Social Security tax on up to \$142,800 of your earnings and a 1.45* percent Medicare tax on all your earnings. If you are self-employed, you pay the combined employee and employer amount, which is a 12.4 percent Social Security tax on up to \$142,800 of your net earnings and a 2.9* percent Medicare tax on your entire net earnings.

*If you have earned income of more than \$200,000 (\$250,000 for married couples filing jointly), you must pay 0.9 percent more in Medicare taxes.

Help Us Keep Your Earnings Record Accurate

You, your employer and Social Security share responsibility for the accuracy of your earnings record. Since you began working, we recorded your reported earnings under your name and Social Security number. We have updated your record each time your employer (or you, if you're self-employed) reported your earnings.

Remember, it's your earnings, not the amount of taxes you paid or the number of credits you've earned, that determine your benefit amount. When we figure that amount, we base it on your average earnings over your lifetime. If our records are wrong, you may not receive all the benefits to which you're entitled.

Review this chart carefully using your own records to make sure our information is correct and that we've recorded each year you worked. You're the only person who can look at the earnings chart and know whether it is complete and correct.

Some or all of your earnings from last year may not be shown on your *Statement*. It could be that we still were

processing last year's earnings reports when your *Statement* was prepared. Your complete earnings for last year will be shown on next year's *Statement*. **Note:** If you worked for more than one employer during any year, or if you had both earnings and self-employment income, we combined your earnings for the year.

There's a limit on the amount of earnings on which you pay Social Security taxes each year. The limit increases yearly. Earnings above the limit will not appear on your earnings chart as Social Security earnings. (For Medicare taxes, the maximum earnings amount began rising in 1991. Since 1994, all of your earnings are taxed for Medicare.)

Call us right away at 1-800-772-1213 (7 a.m.–7 p.m. your local time) if any earnings for years before last year are shown incorrectly. Please have your W-2 or tax return for those years available. (If you live outside the U.S., follow the directions at the bottom of page 4.)



Some Facts About Social Security

About Social Security and Medicare...

Social Security pays retirement, disability, family and survivors benefits. Medicare, a separate program run by the Centers for Medicare & Medicaid Services, helps pay for inpatient hospital care, nursing care, doctors' fees, drugs, and other medical services and supplies to people age 65 and older, as well as to people who have been receiving Social Security disability benefits for two years or more. Medicare does not pay for long-term care, so you may want to consider options for private insurance. Your Social Security covered earnings qualify you for both programs. For more information about Medicare, visit www.medicare.gov or call 1-800-633-4227 (TTY 1-877-486-2048 if you are deaf or hard of hearing).

Retirement — If you were born before 1938, your full retirement age is 65. Because of a 1983 change in the law, the full retirement age will increase gradually to 67 for people born in 1960 and later.

Some people retire before their full retirement age. You can retire as early as 62 and take benefits at a reduced rate. If you work after your full retirement age, you can receive higher benefits because of additional earnings and credits for delayed retirement.

Disability — If you become disabled before full retirement age, you can receive disability benefits after six months if you have:

- enough credits from earnings (depending on your age, you must have earned six to 20 of your credits in the three to 10 years before you became disabled); and
- a physical or mental impairment that's expected to prevent you from doing "substantial" work for a year or more or result in death.

If you are filing for disability benefits, please let us know if you are on active military duty or are a recently discharged veteran, so that we can handle your claim more quickly.

Family — If you're eligible for disability or retirement benefits, your current or divorced spouse, minor children or adult children disabled before age 22 also may receive benefits. Each may qualify for up to about 50 percent of your benefit amount.

Survivors — When you die, certain members of your family may be eligible for benefits:

- your spouse age 60 or older (50 or older if disabled, or any age if caring for your children younger than age 16); and
- your children if unmarried and younger than age 18, still in school and younger than 19 years old, or adult children disabled before age 22.

If you are divorced, your ex-spouse could be eligible for a widow's or widower's benefit on your record when you die.

Extra Help with Medicare — If you know someone who is on Medicare and has limited resources and income, Extra Help is available for prescription drug costs. The Extra Help can help pay the monthly premiums, annual deductibles and prescription co-payments. To learn more or to apply, visit www.socialsecurity.gov or call 1-800-772-1213 (TTY 1-800-325-0778).

Receive benefits and still work...

You can work and still get retirement or survivors benefits. If you're younger than your full retirement age, there are limits on how much you can earn without affecting your benefit amount. When you apply for benefits, we'll tell you what the limits are and whether work would affect your monthly benefits. When you reach full retirement age, the earnings limits no longer apply.

Before you decide to retire...

Carefully consider the advantages and disadvantages of early retirement. If you choose to receive benefits before you reach full retirement age, your monthly benefits will be reduced.

To help you decide the best time to retire, we offer a free publication, *When To Start Receiving Retirement Benefits* (Publication No. 05-10147), that identifies the many factors you should consider before applying. Most people can receive an estimate of their benefit based on their actual Social Security earnings record by going to www.socialsecurity.gov/estimator. You also can calculate future retirement benefits by using the Social Security Benefit Calculators at www.socialsecurity.gov.

Other helpful free publications include:

- *Retirement Benefits* (No. 05-10035)
- *Understanding The Benefits* (No. 05-10024)
- *Your Retirement Benefit: How It Is Figured* (No. 05-10070)
- *Windfall Elimination Provision* (No. 05-10045)
- *Government Pension Offset* (No. 05-10007)
- *Identity Theft And Your Social Security Number* (No. 05-10064)

We also have other leaflets and fact sheets with information about specific topics such as military service, self-employment or foreign employment. You can request Social Security publications at our website, www.socialsecurity.gov, or by calling us at 1-800-772-1213. Our website has a list of frequently asked questions that may answer questions you have. We have easy-to-use online applications for benefits that can save you a telephone call or a trip to a field office.

You also may qualify for government benefits outside of Social Security. For more information on these benefits, visit www.benefits.gov.

If you need more information — Visit www.socialsecurity.gov on the Internet, contact any Social Security office, call 1-800-772-1213 or write to Social Security Administration, Office of Earnings Operations, P.O. Box 33026, Baltimore, MD 21290-3026. If you're deaf or hard of hearing, call TTY 1-800-325-0778. If you have questions about your personal information, you must provide your complete Social Security number. If your address is incorrect on this *Statement*, ask the IRS to send you a Form 8822. We don't keep your address if you're not receiving Social Security benefits.



Thinking of retiring?

www.socialsecurity.gov

Some things to consider

Retirement can have more than one meaning these days. It can mean that you have applied for Social Security retirement benefits or that you are no longer working. Or it can mean that you have chosen to receive Social Security while still working, either full or part-time. All of these choices are available to you. Your retirement decisions can have very real effects on your ability to maintain a comfortable retirement.

If you retire early, you may not have enough income to enjoy the years ahead of you. Likewise, if you retire late, you'll have a larger income, but fewer years to enjoy it. Everyone needs to try to find the right balance, based on his or her own circumstances.

We hope the following information will help you as you plan for your future retirement and consider your retirement options.

Avoid a Medicare Penalty Sign Up at Age 65

Even if you don't plan to receive monthly benefits, be sure to sign up for Medicare *three months before* turning age 65. If you don't sign up for Medicare Part B (medical insurance) when you're first eligible, your coverage may not start right away and you may have to pay a late enrollment penalty for as long as you have it. You can apply online. Visit www.socialsecurity.gov/medicareonly for information and to apply.

What is the best option for you?

Everyone's situation is different. That is why Social Security has created several retirement planners to help you decide what would be best for you and your family. Social Security has an online calculator that can provide immediate and accurate retirement benefit estimates to help you plan for your retirement.

The online Retirement Estimator is a convenient, secure, and quick financial planning tool. It uses your own earnings record information, thereby eliminating any need to manually key in years of earnings information. The estimator also will let you create "what if" scenarios. You can, for example, change your "stop work" date or expected future earnings to create and compare different retirement options. To use the Retirement Estimator, go to our website at www.socialsecurity.gov/estimator.

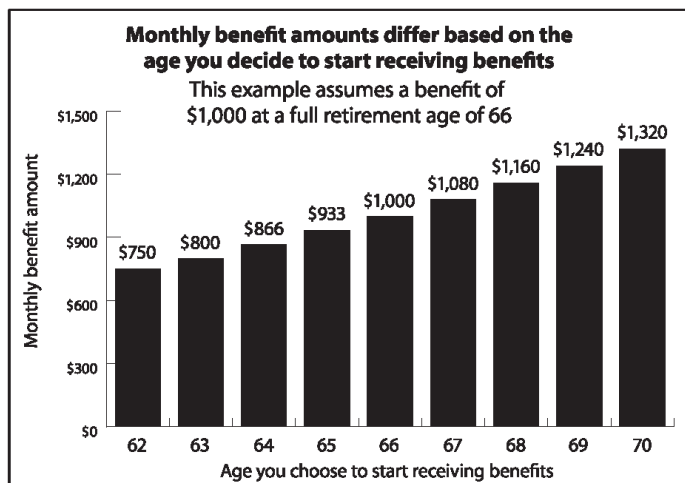
There is one more thing you should remember as you crunch the numbers for your retirement. You may need your income to be sufficient for a long time, because people are living longer than ever before, and generally, women tend to live longer than men. For example:

- The typical 65-year-old today will live to age 83;
- One in four 65-year-olds will live to age 90; and
- One in ten 65-year-olds will live to age 95.

Once you decide on the best age for you to actually retire, remember to complete your application *three months before* the month in which you want retirement benefits to begin.

It's so easy to apply online for benefits

The easiest way to apply for Social Security retirement benefits is to go online at www.socialsecurity.gov/applyforbenefits. If you do not have access to the Internet, you can call 1-800-772-1213 (TTY number, 1-800-325-0778) between 7 a.m. and 7 p.m., Monday through Friday, to apply by phone. You also can apply at any Social Security office. To avoid having to wait, call first to make an appointment.





Receiving benefits while you work

When you reach your full retirement age, you can work and earn as much as you want and still receive your full Social Security benefit payment. If you are younger than full retirement age and if your earnings exceed certain dollar amounts, some of your benefit payments during the year will be withheld.

This does not mean you must try to limit your earnings. If we withhold some of your benefits because you continue to work, we will pay you a higher monthly benefit amount when you reach your full retirement age. In other words, if you would like to work and earn more than the exempt amount, you should know that it will not, on average, reduce the total value of lifetime benefits you receive from Social Security—and may actually increase them.

Here is how this works: after you reach full retirement age, we will recalculate your benefit amount to give you credit for any months in which you did not receive some benefit because of your earnings. In addition, as long as you continue to work, we will check your record every year to see whether the additional earnings will increase your monthly benefit.

Many people can continue to work and still receive retirement benefits. If you want more information on how earnings affect your retirement benefits, ask for *How Work Affects Your Benefits* (Publication No. 05-10069), which has current annual and monthly earnings limits, and is available on our website.

Retirement age considerations

Full retirement age

For persons born during the years 1943-1954, the full retirement age is 66. If you were not born in this period, you can find your full retirement age on page 2 of your *Social Security Statement*.

Retiring early

If you've earned 40 credits (credits are explained on page 2 of your *Statement*), you can start receiving Social Security benefits at 62 or at any month between 62 and full retirement age. However, your benefits will be reduced based on the number of months you receive benefits before you reach full retirement age.

If your full retirement age is 66, benefits will be reduced:

- 25 percent at age 62;
- 20 percent at age 63;
- 13 1/3 percent at age 64; or
- 6 2/3 percent at age 65.

Delaying retirement

You may decide to wait beyond your full retirement age before choosing to receive benefits. If

so, your benefit will be increased by a certain percentage for each month you don't receive benefits between your full retirement age and age 70. This table shows the rate your benefits increase if you delay retiring.

Year of birth	Yearly increase rate
1941 - 1942	7.5%
1943 or later	8.0%

Rules that may affect your survivor

If you are married and die before your spouse, he or she may be eligible for a benefit based on your work record. If you start benefits before your full retirement age, we cannot pay your surviving spouse a full benefit from your record. Also, if you wait until after your full retirement age to begin benefits, the surviving spouse benefits based on your record will be higher.

Need more information?

You can find answers to frequently asked questions about Social Security, learn about factors that could affect your benefits, and much more by visiting Social Security online at www.socialsecurity.gov.

If you do not have access to the Internet, you can get information about Social Security by calling **1-800-772-1213 (1-800-325-0778** for the deaf or hard of hearing) or by visiting a local Social Security office.

Other useful websites

www.mymoney.gov

This website contains calculators for financial planning and information on money-related matters, such as retirement planning and starting a small business.

www.dol.gov/agencies/ebsa/workers-and-families/preparing-for-retirement

Have you determined how much money you'll need in retirement? There are many tools available to help you, such as the Taking the Mystery Out of Retirement Planning Workbook available at this link.

www.sec.gov/investor/seniors.shtml

Are you looking for information about the investment options available to you as you enter retirement? The Securities and Exchange Commission has a wealth of information on different investment products and topics available at this website.

www.usa.gov/retirement

This website has a variety of retirement-related resources for seniors including information on Social Security, saving for retirement, and protecting one's private pension benefits.



Social Security Administration
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Making Finance Personal: Project-Based Learning for the Personal Finance Classroom

Project 11: Insurance Inventory

Lesson Author

Julie Kornegay

Activity Description

Financial disasters and catastrophes can happen when you least expect them. Insurance helps protect your assets and reduce the risk of a financial loss. One way to prepare for an unexpected loss is to make a home inventory. A home inventory lists the contents of a home and often also includes both pictures and video. In case of a disaster, a home inventory will help you remember what possessions may be missing or damaged. Knowing this information is important for students because it can help them settle an insurance claim more quickly and accurately, provide verification of losses for an income tax return, and make sure that they purchase the right amount of homeowner's or renter's insurance.

Objectives

In this lesson, students will:

- List personal possessions in a household inventory log
- Calculate the value of their possessions
- Use the inventory results as a starting point for determining insurance needs

Essential Question

How much insurance coverage do I need to replace my possessions?

Assignment Materials

Students can use the handouts provided or any other insurance industry standard tool.

Assignment Length

One week

Author's Notes

- This project tends to take longer to complete than some of the other activities in this project.
- Students will need to determine replacement values for the items on their lists. Students who live with parents or with their roommates may catalog their bedroom and shared property that they own.
- Students who live at home may talk with their parents about what items they can take with them when they move out. They can also discuss how much items will cost if they need to buy them when they live on their own.



Project 11 Assessment: Insurance Inventory

This project has a total value of 20 points.

The student did not follow directions. (minus 2)	
<p>The student compiled a comprehensive home or room inventory that included details like item descriptions, quantities, acquisition dates, serial numbers, and/or estimated replacement cost values for most items. (plus 20)</p> <p>The student compiled a home or room inventory but lacked detail like item quantities, acquisition dates, serial numbers, and/or estimated replacement cost values for many items (plus 10)</p> <p>The student compiled a brief personal property inventory but did not include replacement cost estimates. (plus 5)</p> <p>The student did not attempt the inventory. (0 points)</p>	
Total	



Project 11 Overview: Insurance Inventory

Handout 11A

Would you be able to remember all the possessions you own if they were destroyed or lost by theft, a fire, or other disaster? One way to be prepared before a catastrophe or financial loss happens is to put together a home inventory. A home inventory is a list of the contents of your home and often also includes pictures and video. Knowing this information and keeping it up to date is important because it can help you settle an insurance claim more quickly and accurately, provide verification of losses for an income tax return, and make sure that you purchase the right amount of homeowner's or renter's insurance.

According to a survey from the Insurance Information Institute (www.iii.org), less than half of Americans have a home inventory of their possessions, putting them at risk for inadequate home insurance coverage should a disaster strike. National statistics show that 1 in every 20 insured homes has a claim each year. You can read more about the statistics on homeowners and renters insurance at <https://www.iii.org/fact-statistic/facts-statistics-homeowners-and-renters-insurance>.

In this assignment you will:

- List personal possessions in a household inventory log
- Calculate the value of your possessions
- Use the inventory results as a starting point for determining insurance needs

Hints for creating your inventory

In creating an inventory of your personal possessions, the goal is to list everything you would need to replace in the event of a loss. This can be a daunting task, but the chart and hints on Handout 11B will make it easier to get started. There's no single right way to do an inventory. It might be easiest to start with the things you bought most recently or the things that mean the most to you.

You can list your items by category or by room. For many items like books, bed sheets, or pots and pans, you can make a general estimate of how many you have. Keep your inventory, along with receipts, in a safe deposit box or at a friend's or relative's home. Keeping an electronic copy somewhere safe and where it is backed up is a good idea. That way, you'll have something to give your insurance representative if your home is damaged. When you make a significant purchase, add the information to your inventory while the details are fresh in your mind.

For each item or group of similar items:

- Provide a description and include brand, make, model, and/or serial numbers where applicable.
- List a date when you obtained the item. It doesn't have to be an exact day but at least provide the year.
- Do you have a receipt or warranty or any documentation for the item? Store it or a copy with the inventory.
- Estimate the replacement cost. Remember, the idea is to be able to replace an item in the event of a loss so the issue is not how much you spent when you got it, but how much it would cost to replace today.



Electronics are a big deal. Sure, there's your cell phone and accessories and your laptop, but don't forget the printer, game systems, speakers, cameras, and so on. Do you have wearable technology like smart watches, earbuds, and headphones? This list keeps growing.

For clothing, count the items you own by category—pants, coats, shoes, for example—making notes about those that are especially valuable.

Don't forget the everyday stuff. You might not think that your pots and pans or plates and utensils are a big deal, but if you must replace them all, it can add up.

Are you in school? Textbooks are expensive. Be sure to include those on your current list just in case.

Do you have valuable items like fine jewelry, artwork, and/or collectibles that increase over time? Those items may have increased in value since you received them. Plus, depending upon their value, those items may need to be insured separately.

Don't forget the stored stuff. Inventory your attic, garage, shed, patio furniture, and whatever else you may have tucked away.

It is said that a picture is worth a thousand words, so take a picture. Create a folder specifically for your inventory items to go along with your written inventory. Keep a copy (electronic or print) somewhere outside of your home where it will be protected or backed up.

Make a video: Walk through your house or apartment describing the contents. Let's say a storm is coming or you are going out of town for an extended period. Make a video of your property so that you have a current view of exactly what things looked like before you left.

Even if you choose not to make a video, use the process of walking through each room or space and describing the contents to guide you on your inventory. For each area, look up, down, and all around. Is there a rug on the floor? What art or decoration is on the wall? Do you have lamps, special light fixtures, or ceiling fans? Look at each piece of furniture. What's stored in or on the furniture? Is there a closet in the room? What's in it?

Creating an inventory is not a fast process and you might decide that it is too tedious to bother with, but don't give up. Ask anyone who has had to supply a list to an insurance company for any kind of loss and they will no doubt tell you that it would have been very helpful to have gone through this exercise.

Project 11 Overview: Insurance Inventory

Handout 11B

Shown below are two sample entries from a home inventory. As you can see, items like clothing are easiest to group together as a single entry.

Sample Inventory Entry

Room/Location: <i>Family room</i>				
Item description	Make/Model	Serial number	Date acquired	Replacement value estimate
LG 65" Class CX Series OLED 4K UHD Smart webOS TV	OLED65CXPUA	SN:123456789	06/2021	\$1,899.00

Room/Location: <i>Master bedroom closet</i>				
Item description	Make/Model	Serial number	Date acquired	Replacement value estimate
25 men's long-sleeve button-down business shirts: Polo, Nautica, J Crew, Brooks Brothers			various	\$1,500 (average price \$55 each)

Every inventory will be different, but documenting what you have and using the list you develop to determine what amount of insurance you might need is the goal.

Use the form provided on the following page to document your inventory. Duplicate the form as many times as necessary for each room or space that you inventory. If you prefer, you may create your own form to better suit your needs. At the bottom of each page or at the end of your inventory, calculate a total estimated replacement cost for your items.



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Project 11 Insurance Inventory

Handout 11B (Continued)

[illegible]